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GOVERNMENT AND ADMINISTRATION

By-election and State of the Parties

Details of the result of a recent parliamentary by-election and the present state of the parties in the House of Commons are given below.

The Labour Party retained its seat at Newcastle-under-Lyme, Staffordshire, in a parliamentary by-election on 17 July. The seat became vacant when its holder, Mr John Golding, resigned from Parliament in June. The Labour candidate, Mrs Llin Golding, won by a majority of 799 votes.

The results were as follows:

L. Golding (Labour)	16,819
A. Thomas (Liberal-Social Democratic Alliance)	16,020
J. Nock (Conservative)	7,863

Four other candidates between them received a total of 545 votes; all lost their deposits. Votes were cast by 62 per cent of the electorate.

At the general election in June 1983, when 77·3 per cent of the electorate voted, the seat was held by the Labour Party with Mr Golding polling 21,210 votes, followed by the Conservative candidate with 18,406 votes, and the Alliance candidate with 10,916 votes.

State of the Parties

Following the by-election, the state of the parties in the House of Commons is now as follows:

Conservative	391
Labour	208
Liberal	19
Social Democratic	7
Scottish National	2
Plaid Cymru (Welsh Nationalist)	2
Ulster Unionist (Northern Ireland)	10
Democratic Unionist (Northern Ireland)	3
Ulster Popular Unionist (Northern Ireland)	1
Social Democratic and Labour (Northern Ireland)	2
Sinn Fein (Northern Ireland)	1
TOTAL	646

The four remaining seats are held by the Speaker of the House of Commons and his three deputies (the Chairman of Ways and Means and the first and second Deputy Chairmen of Ways and Means) who do not vote except in their official capacity in the event of a tie. The government majority over all other parties is 136, although the Sinn Fein MP has not taken his seat.

Northern Ireland: Dissolution of Assembly and Renewal of Direct Rule and Emergency Provisions

On the dissolution of the Northern Ireland Assembly the Secretary of State for Northern Ireland has expressed the hope that early discussions might be held to find ways of creating a new and more effective Assembly. Orders to extend the period of direct rule in Northern Ireland for a further 12 months and to renew the emergency measures to deal with terrorism for a further six months have been approved in the House of Commons.

DISSOLUTION OF NORTHERN IRELAND ASSEMBLY

The Northern Ireland Assembly was dissolved on 23 June. In an announcement in the House of Commons on 12 June (*Hansard*, Vol 99, No 127, cols 505-16) and in a debate on the draft Northern Ireland Assembly (Dissolution) Order on 19 June (*Hansard*, Vol 99, No 132, cols 1202-55) the Secretary of State for Northern Ireland, Mr Tom King, explained that the Assembly, which was elected under the Northern Ireland Act 1982, was given two functions: to consider and report on how a devolved Northern Ireland administration

should be formed and to monitor and report on the activities of the Northern Ireland departments. The task of making proposals on devolution was made more difficult by the decision of the Social Democratic and Labour Party not to take their seats. The Assembly had not been able to come forward with agreed proposals and there was no prospect of that occurring. The Assembly suspended its monitoring work in December 1985 [as part of a Unionist protest at the Anglo-Irish Agreement (see p 367, 1985)]. In spite of warnings about the threat that this action posed to the continuation of the Assembly the Unionist parties had not been prepared to resume this function. As a result the Alliance Party withdrew from the Assembly since it believed there was no longer any useful role to be played. In March the Assembly formally resolved not to carry out its monitoring functions, to wind up the Devolution Report Committee and to meet once a week to debate aspects of the Anglo-Irish Agreement. Mr King said that in May he invited the main parties in the Assembly to discuss the position, but the leaders of the two main Unionist parties refused to do so.

Mr King pointed out that the present Assembly would have ended its normal term of four years in October, after which new elections would have been held. The effect of the Order would be to dissolve the present Assembly and to leave open the date for new elections. He emphasised that dissolution of the Assembly did not conflict with the Government's desire for devolved government nor its commitment to the Anglo-Irish Agreement.

After the dissolution Mr King said that he hoped it would be possible for early discussions to start on ways in which a new and more effective Assembly could be created. It was necessary not to look back at an Assembly that had long ceased to discharge its main responsibilities but to look forward to a new Assembly that could involve all those who supported constitutional politics and could make a worthwhile contribution to the better government and administration of Northern Ireland.

RENEWAL OF DIRECT RULE

Secretary of State's Speech

The draft Northern Ireland Act 1974 (Interim Period Extension) Order 1986 was moved by Mr King at the same time as the Order dissolving the Northern Ireland Assembly. He said that on both technical and practical considerations it was necessary to renew the direct rule powers contained in the Order. This was an appropriate time to take stock of the situation in Northern Ireland. One of the consequences of the Anglo-Irish Agreement was that it had stimulated a more intensive debate about what the right way forward should be and, particularly in Unionist circles, a reconsideration of the position and objectives. The approaches that were being debated were integration, devolution and even independence. The Government did not support integration as a policy for Northern Ireland. To suggest that there was no difference between Northern Ireland and other parts of the United Kingdom was to ignore completely the background of different histories, traditions, attitudes and political parties. Total integration was unacceptable, not only to the Government, but to the House and to the vast majority of people in Northern Ireland who wished to see more control over their affairs exercised within the Province. Nevertheless the Government was willing to look at ways in which Northern Ireland business was handled in the House and to see whether there were ways in which it could be improved, but this should not mislead anyone into believing that this could lead to a state of integration.

The Government wanted to see devolved government in Northern Ireland on a basis that commanded widespread acceptance and to see elected people from the Province again having a real say in its administration. He believed that more and more people realised the importance of making an effort to find agreement. He was ready to enter into talks in whatever form was convenient, without preconditions and, if desired, outside any involvement with the Anglo-Irish Agreement.

Opposition Views

Mr Peter Archer, chief Opposition spokesman on Northern Ireland, said that for the moment there was no alternative to direct rule. The Opposition was willing to take part in discussions on the problems of legislating for Northern Ireland in the House of Commons. The search for peace could be conducted only by the people of Northern Ireland; it could not be imposed by London or Dublin. The Opposition believed that the Anglo-Irish Agreement could lead to action which would benefit all the people of Northern Ireland and could demonstrate how much the two parts of the island had in common.

Mr Stephen Ross, speaking for the Liberal Party, said that the demise of the Assembly would go down in history as another lost opportunity. The only realistic way forward was through a devolved administration with the respective parties acting in partnership and with sufficient powers to make and implement important decisions. Unless the various party leaders were willing to make some concessions and to co-operate, no new initiative was likely. The establishment of a power-sharing administration would immediately lessen the influence of the Anglo-Irish Conference.

RENEWAL OF EMERGENCY PROVISIONS

An Order to renew the Northern Ireland (Emergency Provisions) Act 1978 for a further six months was also approved in the House of Commons on 19 June (*Hansard*, Vol 99, No 132, cols 1256-84). The Act gives the police and armed forces special powers of arrest, search and seizure; provides for trial by a judge sitting alone for people accused of specific scheduled offences; and enables the Secretary of State to proscribe organisations engaging in terrorist activities.

Opening the debate on the Order, Mr King said that the threat from Republican terrorism, mainly the Provisional IRA, remained high and the security forces were maintaining the most intensive rate of operations since 1981. Against this background public disorder and intimidation associated with so-called 'Loyalist' protests against the Anglo-Irish Agreement had diverted vital police resources from dealing with terrorism. Attacks on off-duty policemen and women and their homes and families had made the job of the Royal

Ulster Constabulary even more dangerous and difficult than usual. Work on cross-border security had made an encouraging start following the Anglo-Irish Agreement and the signature of the Government of the Irish Republic to the European convention on the suppression of terrorism was an important development. The Government looked forward to legislation in the Irish Dail to give effect to the signing. In the United States a substantial majority of the Senate Committee approved the extradition treaty between the United States and the United Kingdom (see p 222, 1985) and the Government hoped there would now be speedy progress through the Senate.[1]

Constant vigilance, surveillance and intelligence were an essential part of the fight against terrorism which often had an international dimension. The House would recognise the commitment and dedication represented by the successful prosecution of the bombers involved in the explosions at the Grand Hotel, Brighton (see p 363, 1984) and at the Droppin' Well Inn in Ballykelly (see p 4, 1983). In recent months there had been substantial arms finds across the border in County Sligo, in Amsterdam, Boston and Le Havre. These were the result of determined international co-operation to root out terrorism. The Irish Foreign Minister had responded promptly to Libya's recent offer to send support to the IRA by making it clear that that was totally unacceptable.

Turning to the emergency legislation under which the judiciary operates in Northern Ireland, Mr King said that the Government had sought to establish the minimum adjustments to ordinary law. It had studied the late Sir George Baker's recommendations for amending the legislation and had considered the views of others who had commented upon them (see pp 156-7, 1984 and pp 7-9 and 221, 1985). It intended to introduce legislation to amend the Act within the life of the present Parliament. The Attorney-General's discretion had already been increased to certify cases out of the scheduled mode of trial (see p 32) and other amendments relating to remand, the powers of entry, search and arrest and the rights of suspects while in custody would be made.

The border with the Irish Republic played a large part in the current phase of Republican terrorism, said Mr King. The most encouraging item at the Anglo-Irish Conference held on 17 June had been the report on measures agreed between the two police forces to improve arrangements for the exchange of information and to develop liaison structures.

Opposition Views

Mr Peter Archer, speaking for the official Opposition, said that his party was aware of how provisions which were introduced in an emergency could become so entrenched as to be regarded as normal and the question was no longer asked whether they were fair or made any contribution to reducing crime. There were provisions in the legislation that were no longer justified. The strongest foundation for law and order and the strongest deterrent to lawlessness was a conviction that the law was fair and that those who enforced it went no further than was essential. The Labour Party believed that the most effective foundation of law enforcement was the confidence of the public and that legislation should be designed to reinforce confidence; for that reason they would not support the Order.

[1]The Senate ratified the treaty on 17 July by a vote of 87 to 10.

Shorter Note

LOCAL GOVERNMENT PRACTICES AND PROCEDURES

The Committee of Inquiry into the Conduct of Local Authority Business published its final report on 19 June.[1] Its chairman, Mr David Widdicombe, QC, said that the committee had found a solid basis of good practice in local government but that changes were needed to accommodate the increase in politicisation of local government in recent years which had strained the statutory framework.

Among its main recommendations, all of which are aimed at strengthening the democratic process at local level, the report concludes that minority parties should have the right to representation on all council decision-taking committees and sub-committees, and that where a council is organised on party lines, it should be made easier for party discussion to take place within the statutory local government framework; co-option should be ended and replaced with a system of invited advisers without voting rights; and local government employees should continue to be able to become councillors on other authorities provided that they are not employed at the rank of principal officer or above. The national political parties should ensure that rules for party group meetings are enforced; non-councillors should not determine council policy; and only limited numbers of non-councillors should attend party group meetings and they should not be allowed to vote. A basic flat-rate allowance for councillors should replace the present system of attendance and financial loss allowances; every authority should appoint a chief executive as head of its staff, capable of dismissal only by a vote of two-thirds of all councillors; and a statutory code of practice governing procedures for staff appointments should be introduced.

Other recommendations are that elections for all councils should take place every four years with one councillor for each ward or division; the size of councils should be reviewed; the discretionary spending powers for councils should be retained with the limit doubled in areas of single-tier government like Greater London, the metropolitan areas and the Islands of Scotland. There should be a statutory prohibition on local authorities using their discretion for party political purposes, and new requirements for greater openness

[1]*Report of the Committee of Inquiry into the Conduct of Local Authority Business. Chairman: Mr David Widdicombe, QC.* Cmnd 9797. HMSO, £12·50. ISBN 0 10 197970 3. Research Vol I. *The Political Organisation of Local Authorities.* Cmnd 9798. HMSO, £15. ISBN 0 10 197980 0. Research Vol II. *The Local Government Councillor.* Cmnd 9799. HMSO, £11·30. ISBN 0 10 197990 8. Research Vol III. *The Local Government Elector.* Cmnd 9800. HMSO, £12·50. ISBN 0 10 198000 0. Research Vol IV. *Aspects of Local Democracy.* Cmnd 9801. HMSO, £9·10. ISBN 0 10 198010 8.

The inquiry was set up in February 1985. For its terms of reference see p 66, 1985. Its interim report, *Local Authority Publicity* (see p 375, 1985), on which the Local Government Act 1986 was based, was published in August 1985.

on grants to voluntary bodies. Some changes should be made to the audit arrangements and better access should be given to the local government ombudsman, who should have new powers to assist the ordinary citizen in bringing legal action against local authorities in cases which raise matters of principle.

In a statement in the House of Commons on 19 June, the Secretary of State for the Environment, Mr Nicholas Ridley, commended the committee for its major study which was 'impressive in the extent of its coverage and the scope of its findings' and said that the Government believed that it would stimulate wide-ranging debate. Public comments on the report were invited up to the end of the year, after consideration of which the Government would reach a view on the committee's proposals.

Sources: Committee of Inquiry into the Conduct of Local Authority Business press notice, 19.6.86; *Hansard*, Vol 99, No 133, written answers, col 639.

EXTERNAL AFFAIRS AND DEFENCE

European Community: Britain's Presidency

Britain took over the Presidency of the European Community's Council of Ministers on 1 July. In a speech to the European Parliament on 9 July, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, stressed the need to complete the Community's internal market and create more jobs. In early June Britain, the Irish Republic and Italy put forward a number of proposals to combat unemployment in the Community. In the same month important decisions were agreed in two other areas to which Britain attaches importance, namely the liberalisation of Community road haulage and a freer market in civil aviation; while in a third, European co-operation on advanced technologies, over 60 new projects were agreed at the third Eureka ministerial conference in London.

FOREIGN AND COMMONWEALTH SECRETARY'S SPEECH

Addressing the European Parliament, Sir Geoffrey Howe said that there were difficult choices to be made in setting priorities for the 1980s and the 1990s, and that the Community had to adapt and not abandon existing policies. Internal priorities for expenditure had to be set and obligations to farmers, the unemployed, young people in need of training, and regions of industrial decline had to be met. The Community also had to be equipped to compete in the new technologies.

Although the validity of the Common Agricultural Policy remained, the conditions in which it operated had to be changed if rural communities were to survive. All member states were agreed on the need for action since none wanted to see a continuation of the present situation in which half the Community budget was devoted to the storage and disposal of surpluses, and the beneficiary was not the consumer, the taxpayer or even the farmer. 'We cannot expect our citizens to see the Community as a force for good in their own lives when they see and hear regular reports of thousands of tonnes of butter ageing in the stores or being disposed of at a fraction of its earlier value.' There was a widespread consensus within the Community on the need for adaptation and reform of the policy's operation.

The growth of employment, Sir Geoffrey continued, had to be tackled through better use of the Community's structural funds, a strategy for employment growth of the kind proposed by Britain and other member states (see p 212) and the breaking-down of the remaining barriers standing in the way of the internal market. The creation of the single large market was the key to the development of industries which could compete on the world market. The Community accounted for only 10 per cent of the world market in information technology products and faced challenges from the United States, Japan, Taiwan, South Korea and Singapore. Although the Community's common commercial policy could protect it against unfair competition, member states could not hope to compete in world markets until they could do so in their own. This could not be done unless remaining barriers were broken down and this was why agreements on common standards and agreements on opening up public procurement were so essential. Britain, therefore, had been encouraged by the collaborative progress agreed at the recent ministerial conference on Eureka (see p 213).

Sir Geoffrey said that in a world of harsh competition it was all too easy for trade tensions to turn into trade wars. Although the Community and the United States were both powerful trade blocs with interests that sometimes conflicted, they had to settle their differences through the mechanisms available such as the General Agreement on Tariffs and Trade. Both were, however, more than trading blocs since the security of the West depended upon a strong United States commitment to the defence of Europe and the security of Europe depended upon a strong and prosperous Community. 'The Community is one of the leading political, as well as economic, power groups in the democratic West. We should be equal partners with our American allies in sharing responsibility for upholding and protecting Western values.'

If the Community was an equal partner with the United States, it was also an equal interlocutor with the Soviet Union and the countries in Eastern Europe. Although there was a new Soviet leadership and many of the old Soviet policies were presented in new packages, it could not be assumed that the mixture was exactly the same as before. Sir Geoffrey hoped that a second summit between the United States and the Soviet Union would take place in 1986 and that it would lead to genuine and verifiable progress in arms control as well as progress on regional and human rights issues. The improvement of relations between

East and West did not depend exclusively on the behaviour of the super powers. Member states could also help build the relationships which could make these achievements possible.

Sir Geoffrey emphasised that the Community could not respond to events affecting its vital interests unless the growing habit of co-operation in foreign policy became second nature. The new treaty provisions in the Single European Act, which were the result of a British initiative (see pp 224-5, 1985), were designed to reinforce member states' ability to act together.

The first major issue of foreign policy to arise during the British Presidency was that of South Africa (see pp 215-19) and this represented a real test of member states' ability to create a constructive European policy that could contribute to the agreed goal of ending apartheid. Sir Geoffrey continued: 'The specifically European contribution we hope to make is to help bring about a willingness on the part of all those who bear responsibility for South Africa's future to begin a serious national dialogue on the future of that country.' A Community which had risen from the ashes of war as a lasting answer to the demand of the people of Europe for peace, freedom and prosperity could not turn its back on the plight of the people of South Africa. The alternative to dialogue and negotiations could only be increasing repression, polarisation and bloodshed.

EMPLOYMENT

A jointly agreed labour market initiative to combat the Community's major social problem of unemployment was put forward in a paper published in early June by Britain, the Irish Republic and Italy. While acknowledging the need for economic growth as an essential prerequisite to a reduction in unemployment, the three governments recognise that measures to improve the functioning of the labour market are equally important. Their initiative concentrates on four main areas – the promotion of enterprise and self-employment; flexible employment patterns and conditions of work; training; and tackling long-term unemployment.

Promoting Enterprise

The paper proposes that the Community should ask member states to consider how they can best facilitate the creation of one-person businesses and to mount a special examination of existing Community instruments to see whether they are appropriate to such businesses and, if not, how they might be adapted to reduce or remove any adverse effects. It also favours the encouragement of measures within member states to increase the number of young people, particularly those without jobs, going into self-employment; and, whenever possible, reducing the legal, administrative and other barriers that can inhibit the self-employed from taking on employees. Other suggested measures include an increase in the amount of European Social Fund support for the introduction of new technology into firms with five or fewer employees, special efforts to explain Community programmes of potential benefit to small firms, an examination of the ways in which private sector activity can be encouraged to generate and support small firms, and the provision of support services by member states for small firms during the crucial stages of their growth and development. For co-operatives, the paper proposes the provision of Social Fund support for management training, an examination of the possibility of drawing up a model legal framework, and the identification of legislative or fiscal requirements that may put co-operatives at a disadvantage compared with other forms of business.

Flexible Employment Patterns

The three governments say that member states should promote training in occupations (notably those connected with new technology) where women and ethnic minorities have been under-represented and encourage better opportunities for them to become self-employed; should look at obstacles in the way of increasing part-time work; and should re-examine the need for restrictions on women's employment opportunities such as limitations on working hours. They also favour the use of the Community's structural funds in encouraging improved job prospects for the residents of Community inner city areas. In addition, the paper suggests that the Community could encourage the spread of employee share ownership by making its advantages more widely known and by co-ordinating exchanges of information between member states on the operation of schemes and employee attitudes.

In order to ease movement within and between member states, the three governments state that more information and advice about jobs could be provided, that there should be a coherent and comprehensive agreement on the mutual recognition of vocational qualifications, and that there should be more rapid action on proposals on the introduction of a common vocational pass showing the qualifications of the holder.

Training

The paper endorses the importance of training to economic growth and its value to employers as an investment and suggests that employers should be encouraged to invest more in industrial training. It supports government action to develop more responsive training systems, recommends the establishment of a Community action programme which would include an examination of ways of overcoming restrictions on access to training and of identifying the needs of local employers. Youth training, in particular, is seen as vital in building up the skilled and adaptable workforce necessary for a productive, competitive and expanding economy. The three governments also emphasise the need for good-quality education at school, access to skills related to new technology, employer involvement in the design and delivery of training, and up to two years vocational education and training for 16-year-olds leading to recognised qualifications. The need for special provision for the disadvantaged and the disabled is emphasised.

The Long-term Unemployed

Recognising that there is a large and growing number of long-term unemployed people for whom a better functioning of the labour market is not in itself a sufficient answer, the paper stresses that urgent consideration should be given by member states to encouraging national programmes of benefit to them and that the Community could disseminate information about such initiatives.

TRANSPORT

The full liberalisation of road haulage within the Community and some progress towards a freer market in civil aviation were agreed by the Council of Transport Ministers on 30 June.

Reporting to the House of Commons on 1 July (*Hansard*, Vol 100, No 140, cols 831-40), the Secretary of State for Transport, Mr John Moore, said that Britain had obtained agreement on the principle of full international road haulage liberalisation within the Community. The Council had confirmed that the bilateral permit system[1] would disappear from the end of 1992 and detailed arrangements to implement this would now be worked out, Britain's aim being to finalise the necessary Community instruments so far as possible by the end of its Presidency. In the meantime the Council had agreed on a cumulative increase in the Community quota of 40 per cent *per annum* between now and 1992. Since Community permits were valid throughout the Community and gave road haulage vehicles freedom to travel in any member state, this would provide new opportunities for British road hauliers to compete on equal terms and progressively liberate them from the bureaucracy of the present bilateral permit system.

The Council had also agreed on a Community standard of 11·5 tonnes for the drive axle weight of five- and six-axled vehicles to apply from 1992. This had completed the 1984 directive setting out agreed standards for most of the weights and dimensions for road haulage vehicles operating between Community countries. As in the case of the earlier directive which had set some overall vehicle weights exceeding the British maximum of 38 tonnes, Britain had succeeded in negotiating a derogation of unspecified length to keep its current drive axle weight maximum of 10·5 tonnes. The directive had stated that the duration of this derogation would be decided by unanimity and Britain remained committed to the undertaking that there should be no increase in the maximum weight until Parliament agreed and Britain's roads were suitable.

Turning to the question of civil aviation, Mr Moore said that, although a wide divergence of views remained, the Council had agreed on two important principles, namely that a package of measures was needed to promote increased competition – covering market entry, air fares and capacity – and that these were elements in the process of completing the internal market by 1992. Although these were useful starting points, a great deal remained to be done and the difficulties that lay ahead should not be underestimated. Britain's aim during its Presidency would be to build on these basic principles and, if possible, to reach agreement on the content of a first stage in the process towards the 1992 target. Mr Moore added: 'But success in this will depend on whether member states collectively are willing to put aside the restrictive practices to which they are accustomed . . . If the answer is that, despite the principles agreed yesterday, member states are not willing to make the effort, they will have to accept that the alternative is increasing court action and other steps to seek direct application of the Treaty of Rome, particularly its competition rules.'

[1]Most international road haulage between Britain and one of the other member states is regulated by a system of bilateral permits agreed with individual member states. A quota of Community permits is available for international journeys with destinations in more than one member state.

EUREKA MINISTERIAL CONFERENCE

Britain is involved in 28 out of 62 projects announced at the conclusion of the third Eureka ministerial conference which took place in London under British chairmanship on 30 June.

Background

Launched in 1985, the purpose of the Eureka initiative is to stimulate a competitive European industrial capability in advanced technologies and to improve the exploitation of research and development through collaborative cross-frontier projects between two or more firms in the 18 member countries. Twenty-six projects were announced in the period from November 1985 to June 1986, British firms participating in seven, including those relating to microcomputers for education, two semi-conductor manufacturing projects, the development of high-power laser systems, European silicon structures, a diagnosis kit for sexually transmitted diseases, and provision of advanced technologies in environmental protection.

The first Eureka ministerial conference took place in Paris in July 1985, the second occurring in Hanover in November 1985 (see p 380, 1985). Since the Hanover conference, Britain has been responsible for chairing meetings of Eureka officials, this responsibility being passed to Sweden after the London conference.

Eureka member countries include Britain and the other 11 members of the European Community, plus Austria, Finland, Iceland, Norway, Sweden, Switzerland and Turkey, and the European Commission.

Prime Minister's Speech

Opening the conference, the Prime Minister said that, although the need for Europe to be able to compete in advanced technologies had long been recognised, European countries had been slow to react, the result being that the European share in markets for new technologies had fallen. The problem was not a lack of brilliant and inventive ideas, since Europe had never suffered a shortage of Nobel prizewinners and its research laboratories were bursting with talent and imagination. The key was to turn ideas into well-designed products which people wanted to buy, an area where Europe's competitors had consistently outperformed it.

To reverse this trend, increased collaboration was necessary to secure new products; modern technologies were so complex and expensive that individual firms in Europe could not on their own put together the necessary capital. In addition, if firms were to get a worthwhile return on their investment, they needed access to the largest possible market. The Prime Minister emphasised: 'It no longer makes sense for each European country exclusively to support its own high technology manufacturers . . . in isolation from the rest of Europe'. Eureka offered a way of tackling this problem and of obtaining a substantial share of the world market.

Mrs Thatcher said that Eureka should not become a new bureaucracy and that industry itself should be responsible for collaboration in new technology and for providing the funds to back its own judgment.

Beyond this it was for each country to decide whether government support for a particular project was appropriate. Governments, however, had to reduce the barriers to trade between all Eureka countries as well as within the European Community so that Europe could enjoy the same economies of scale as its competitors. The home markets of the United States (240 million people) and Japan (120 million) had played a very important part in their industrial success, whereas European firms still had to cope with different industrial standards, find their way through a maze of different national purchasing policies, and deal with a number of confusing and incompatible rules and regulations. Through Eureka, European firms could help governments to identify the steps to open up markets and governments had to ensure that their proposals were followed up and acted upon. 'If we fail, we face the stark prospect that the United States and Japan will monopolise world markets in high-technology goods. And we in Europe will not succeed in creating the new manufacturing jobs we need in order to reduce unemployment'.

Concluding, Mrs Thatcher said that the new Eureka projects were a major step forward, since virtually all of them would lead to industrial prototypes or products, processes and services aimed at identifiable markets.

Outcome of the Conference

The conference agreed on 62 new collaborative projects, and decided to establish a small independent secretariat in Brussels in order to strengthen machinery for collection and dissemination of information, to support ministerial and other official meetings, and to assist enterprises. It also agreed that participants in a Eureka project should determine the conditions of protection and the attribution of industrial property rights arising from the project.

The conference stressed the importance and urgency of creating a single European market of the size needed to enable European industry to compete effectively in world markets for advanced technology and welcomed the European Community's initiative to accelerate the completion of the Community's internal market. The need for effective action by European governments and the European Commission to alert European industry to the market-opening opportunities provided by Eureka was also emphasised.

Of the 62 projects costing £1,400 million, British companies are taking part in nine projects regarding information technology, five in communications, four in medical instrumentation and systems, three in transport technologies, two each in new materials and advanced manufacturing, and one each in marine technologies, environmental research, and biotechnology. Another 39 projects are under discussion, Britain being involved in 20.

European Council

The creation of jobs within the European Community, the completion of the common market, the need for improved international co-operation on nuclear safety and the situation in South Africa were among the main topics discussed by the European Council meeting in The Hague on 26 and 27 June.

Prime Minister's Statement

Reporting to the House of Commons on 1 July (*Hansard*, Vol 100, No 140, cols 819-30), the Prime Minister, Mrs Margaret Thatcher, said that the Council had welcomed the programme put forward by Britain and some other member states for creating the conditions for employment growth (see p 212). This called for the job-creating capacity of small businesses to be maximised by reducing the burden of unnecessary regulations, for improved training, and for measures to help the long-term unemployed back to work. Britain wanted to see greater attention given to these matters within the Community and would concentrate on implementing them during the British Presidency [which began on 1 July – see p 211].

On the common market, the Council had urged more rapid decisions if the timetable of completing removal of the barriers to a genuine single market in the Community by 1992 was to be achieved. This would be another priority for the British Presidency because of the contribution which completion of the market could make to creating jobs. Some areas for early progress had been selected such as liberalisation of transport and of capital movements.

The Council had also recognised the need to look at agricultural subsidies and protectionism on a worldwide basis. It had agreed that the problem of agricultural trade should be dealt with at the forthcoming round of international trade negotiations (see pp 54-6), that Community agricultural production should be better adjusted to the market to ensure the reduction in the share of public expenditure claimed by agriculture, and that there should be bilateral discussions with other major agricultural suppliers to try to eliminate the problems of chronic surpluses and competitive subsidies.

Referring to the lessons to be learned from the nuclear accident at Chernobyl (see pp 141-3), Mrs Thatcher said that the Council had agreed on the need for better international collaboration on nuclear safety under the aegis of the International Atomic Energy Agency and had called for general contamination tolerance levels for the Community to be established quickly on a scientific basis. It had also recognised that nuclear power would continue to have a vital role in meeting Community energy needs in future.

Dealing with other issues, the Prime Minister pointed out that the Council had called for rapid progress on the easing of restrictions on passenger traffic across Community frontiers, on mutual recognition of professional qualifications, and on the Community action programme against cancer. It had also welcomed the intention of the British Presidency to hold a conference of interior ministers to discuss ways of improving Community defences against terrorism, drug trafficking and illegal immigration.

On South Africa (see also p 215), Mrs Thatcher said that the Council had reaffirmed its goal as the total abolition of apartheid; had called for the opening without delay of negotiations between the South African Government and black leaders, the unconditional release of Nelson Mandela and other political leaders, and the lifting of the ban on the African National Congress and other political parties; and had asked the Foreign and Commonwealth Secretary in his

capacity as President of the Council of Foreign Ministers to visit Southern Africa in a further effort to establish conditions in which the necessary negotiations could commence.

South Africa

Britain has reaffirmed its commitment to the search for a peaceful solution to the problems of South Africa and has joined its partners in the European Community in calling for the total abolition of apartheid and for a process of political dialogue between the South African Government and authentic leaders of the black community. At the same time Britain remains opposed to the imposition of general economic sanctions, which it believes would not help the achievement of these objectives. In early July, in his capacity as President of the Community's Council of Foreign Ministers, the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, embarked on a series of visits to Southern Africa in a renewed effort to establish conditions in which negotiations for change can take place.

The European initiative, announced in a statement issued by the European Council which met in The Hague on 26 and 27 June (see p 214), followed the publication on 12 June of the report of the Commonwealth Group of Eminent Persons on Southern Africa (see below). It also reflected growing international concern over the escalation of violence in South Africa and the reimposition by the South African Government on 12 June of a state of emergency throughout the country, resulting in widespread arrests and detentions and censorship of the press and media. Britain's policy, which seeks a peaceful solution in South Africa based on negotiations and a suspension of violence on all sides, was debated in the House of Commons on 16 July.

Sir Geoffrey Howe visited Southern Africa from 9 to 11 July and held talks with the leaders of Zambia, Zimbabwe and Mozambique. On 17 and 18 July he visited Washington for talks with the United States Government. A further trip for talks with the South African Government was planned for the end of July.

Report of the Commonwealth Group of Eminent Persons

The Commonwealth Group of Eminent Persons was appointed under the Nassau Accord on Southern Africa (see p 344, 1985) to undertake a mission to the region in an effort to promote a process of political dialogue for change in South Africa. From January to June 1986, the Group travelled extensively in Southern Africa, holding discussions with members of the South African Government and with leaders of political and other organisations as well as with prominent academic, religious and community figures. It had talks with Nelson Mandela, a leader of the African National Congress (ANC), imprisoned since 1963, other ANC leaders in Lusaka and with the leaders of Lesotho, Botswana, Zambia and Angola. The framework for the Group's mission was provided by the Nassau Accord, which requested the South African Government to declare that the apartheid system would be dismantled and to take specific and meaningful action in fulfilment of that intent. It also called for the immediate and unconditional release of Nelson Mandela and all others imprisoned or detained for their opposition to apartheid; the ending of the state of emergency; the establishment of political freedom including a lifting of the ban on the ANC and other political parties; and the initiation, in the context of a suspension of violence on all sides, of a process of dialogue with a view to establishing a non-racial and representative government.[1]

In the course of its mission the Group formulated a 'possible negotiating concept' under which the South African Government would declare its commitment to dismantling apartheid, to ending racial discrimination and to broad-based negotiations leading to new constitutional arrangements for power sharing by all the people of South Africa. The Group also identified other measures which it thought might ensure negotiations; removing the military from the townships, providing for freedom of assembly, suspending detention without trial, releasing Nelson Mandela and other political prisoners and detainees, and lifting the ban on the ANC and the Pan Africanist Congress of Azania (PAC). For their part, the ANC and others would suspend violence and enter into negotiations. This concept was put to the South African Government, which stated that it was unacceptable to use violence as a bargaining counter and that the renunciation of violence by the ANC was an essential precondition. In its report, *Mission to South Africa*,[2] the Group stated that it was neither possible nor reasonable for the ANC to forswear the only power available to it should the South African Government walk away from the negotiating table. Moreover, for the Government to attribute all violence to the ANC was to overlook a situation in which the structures of society, dominated by a relatively small group of people, were founded upon injustice which inevitably led to violence.

The Group concluded that, despite appearances and statements to the contrary, the South African Government was not yet ready to negotiate a future for South Africa based on a non-racial and representative government, nor to face the prospect of the end of white domination and white power in the forseeable future. Referring to the Nassau Accord, the Group stated that there was no genuine intention on the part of the South African Government to dismantle apartheid, that Nelson Mandela and other political leaders remained in prison, that political freedom was being more rigorously curtailed, that the ANC and other political parties remained banned, and that, as the cycle of violence continued, there was no prospect of a process of dialogue leading to the establishment of a non-racial and representative government.

Britain's View

Discussing the report during a debate in the House of Commons on 17 June (*Hansard*, Vol 99, No 130, cols

[1]Commonwealth Heads of government from Australia, Britain, Bahamas, Canada, India, Zambia and Zimbabwe will meet in London from 3 to 5 August to discuss the Group's findings and review developments in South Africa since the Nassau meeting.

[2]*Mission to South Africa, The Commonwealth Report. The Findings of the Commonwealth Eminent Persons Group on Southern Africa*. Published by Penguin Books for the Commonwealth Secretariat. £2·50. ISBN 0 14 052384 7.

908-86), Sir Geoffrey Howe said that the establishment of the Group had been a far-sighted endeavour to break the impasse and it had made much progress, overcoming the initial climate of suspicion and distrust and offering the South African Government an unprecedented opportunity to break out of the vicious circle of violence by presenting the negotiating concept which it had discussed with opposition groups and Nelson Mandela. It was to be regretted that the South African Government had so far declined to take that opportunity. Although the Group had not secured a breakthrough, it had chartered a course for the negotiations that had to take place, Sir Geoffrey said. The way ahead was now inevitably more difficult, but Britain would continue to urge upon the South African Government the need to think again. The Government had to ensure that the contribution made by the Group was not wasted, for dialogue and peaceful negotiations provided the only way forward. The key to the commencement of dialogue was the unconditional release of Nelson Mandela, which had to be seen as the most important act of reconciliation necessary to pave the way for peace.

Underlining the need for effective and co-ordinated international action, Sir Geoffrey pointed out that the Commonwealth mission had reached no conclusions as to the measures which should be adopted. Experience had taught that sweeping measures, aimed directly at the South African economy, punitively on a universal basis, were most unlikely to be effectively enforced world-wide and that their effect would be almost entirely negative. 'No one should underestimate the length of time for which resistance within South Africa could be maintained if that economy was seen to be under siege. Meanwhile there would be severe and long-term consequences for the whole of Southern Africa'. If measures were to be effective, any steps had to be directed not at the destruction of the South African economy but at influencing opinion in South Africa more firmly in the direction of reform, giving the South African Government the incentive to respond positively rather than the excuse to retreat further into isolation. Such measures had to be calculated to command and secure the fullest international support at every stage. In the absence of such support, any action would be no more than an empty gesture.

European Initiative

In its statement, issued on 27 June, the European Council expressed grave concern about the rapid deterioration of the situation and the increasing levels of violence in South Africa. The reimposition of the state of emergency and the indiscriminate arrest of thousands of South Africans could only further delay the start of a genuine national dialogue, so urgently needed if a peaceful solution to South Africa's problems was to be found. Moreover, the Council believed, the policies of the South African Government could only lead to increasing repression, polarisation and bloodshed. Against this background, the 12 member states reaffirmed that their main goal was the total abolition of apartheid and announced additional action in support of the process of non-violent change in South Africa, including a concerted programme of financial and material assistance to the victims of apartheid, and to political prisoners.

The Council was convinced that a national dialogue with the authentic leaders of the black populations was essential in order to halt a further escalation of violence and to allow negotiations leading to a truly democratic non-racial South Africa. Since this dialogue could not take place as long as recognised leaders of the black community were detained and their organisations proscribed, the Council called upon the South African Government to release unconditionally Nelson Mandela and other political prisoners and to lift the ban on the ANC, the PAC and other political parties. The Council agreed that during the next three months the Community would consult with the other industrialised countries on further measures which might be needed, covering in particular a ban on new investments in South Africa and a prohibition on the import from that country of gold coins, coal, iron and steel. Finally, the Council asked Sir Geoffrey Howe to visit Southern Africa in a further effort to establish conditions in which the necessary dialogue could commence.

Welcoming the statement in a press conference following the meeting on 27 June, the Prime Minister, Mrs Margaret Thatcher, said that the Council's conclusions reflected Britain's own practical and constructive approach. In his mission, Sir Geoffrey Howe would carry with him the hopes of millions who wanted to see change through negotiations in South Africa. At the same time, the Community would consult with other industrial countries on measures that might be needed if, regrettably, there was no progress. 'This is a very sensible outcome and my hope is that all concerned will respond to the Community's deliberately measured but constructive approach to this appalling problem.'

Reporting to the House of Commons on 1 July (*Hansard*, Vol 100, No 140, cols 819-30), Mrs Thatcher said that Britain would be making available £15 million over five years for the education and training of non-white South Africans and additional help for transport projects in neighbouring states. This sum was in addition to the £22 million already being disbursed in South Africa and the front-line states.

In response to questions, Mrs Thatcher said that general economic sanctions would not help to bring about the changes that Britain wanted or negotiations between the South African Government and representatives of black South Africans. Moreover, such sanctions would not work because of South Africa's enormous coastline and the considerable number of countries and peoples who would bend all their efforts to conducting trade which other countries would forgo. Britain wanted the end of apartheid, and negotiations which would maintain the economic success of South Africa to the benefit of the people there and to the rest of Southern Africa. Sanctions would be a retrograde step that would bring hardship and poverty to almost all people in South Africa and would not be a moral but an immoral solution.

The Prime Minister pointed out that a dialogue could not take place as long as recognised leaders of the black community were detained and their organisations proscribed. Detained leaders needed to be released so that they could take part in the negotiations.

Parliamentary Debate

On 16 July a House of Commons debate (*Hansard*, Vol 101, No 141, cols 1013-58) took place on an official Opposition motion which described the Government's policy of opposing 'strict sanctions' as

a danger to the Commonwealth, and called upon it to support the adoption of 'effective economic measures' against the South African Government in order to exert strong pressure and thereby promote the end of apartheid. In an amendment the Government reasserted its commitment to the Commonwealth and to the goal of peaceful change in South Africa through negotiation and its belief that 'general economic sanctions' would not help to secure this objective; it also reaffirmed its commitment to the Nassau Accord and the Hague initiative of the European Council, and welcomed Sir Geoffrey Howe's mission seeking to establish conditions on which negotiations could take place. At the end of the debate the Opposition motion was defeated by 319 votes to 204.

In the week preceding the debate, a number of countries announced their intention of withdrawing from the Commonwealth Games, due to be held in Edinburgh from 24 July to 2 August, in protest at Britain's policy of opposing the imposition of general economic sanctions against South Africa. Commenting on this action in the House of Commons on 15 July (*Hansard*, Vol 101, No 150, cols 860-7) the Secretary of State for Scotland, Mr Malcolm Rifkind, said that 'the whole value of the Commonwealth Games in the past has been its expression of the multiracial identity of the Commonwealth. There is no better way of showing South Africa the Commonwealth's abhorrence of apartheid than by having a successful multiracial Games, symbolising the unity which the Commonwealth should represent'. The Games, Mr Rifkind added, did not belong to any one country or government, but to the Commonwealth as a whole. 'It is both illogical and undesirable that [they] . . . should be boycotted by individual countries because of their disagreement with one Commonwealth government'.[1]

Foreign and Commonwealth Secretary's Speech

Speaking in the debate, Sir Geoffrey Howe said that the foundation of the Government's policy was, in the words of the 1979 Commonwealth declaration on racism, to 'reject as inhuman and intolerable all policies designed to perpetuate apartheid, racial segregation, or other policies based on theories that racial groups are or may be inherently superior or inferior'.

It was unacceptable that the rights of minorities should be suppressed by majorities, whatever their colour. It was for this reason that Britain had so often provided a refuge for men and women, from Africa as well as from other continents, who faced oppression at home. It could not accept that the rights of the black and coloured majority in South Africa should be subordinated to those of the white minority in the name of Christianity, civilisation and Western values, since it was neither Christian, nor civilised, nor in the interests of the West that such a system should survive.

The explicit recognition by the South African Government that apartheid had to end was an important step in the right direction, Sir Geoffrey said. What the world now wished to see was a decisive movement towards a system that would command the approval and consent of all the people of South Africa. The fears of some South Africans, which acted as a constraint on change, were understandable, but they were more likely to be fulfilled if grave decisions were not taken to bring about change rapidly enough. Such decisions required great bravery, and, for this reason, the Government had approached the matter with sympathy and understanding. This was also why the European Council had underlined the urgent need, not for violence, but to promote dialogue in South Africa and to achieve peaceful change, and, seeking to build on the work of the Eminent Persons Group, had asked Britain to undertake a mission on behalf of the 12 European nations.

The mission's precise objectives were the unconditional release of Nelson Mandela and other political prisoners and the unbanning of the ANC, the PAC and other political parties.

Reporting on the first part of his mission, Sir Geoffrey said that the consultations he had had with the leaders of Zambia, Zimbabwe, Mozambique and Botswana had been of great value. Five important propositions had been put to each of the leaders. These were:

1 that apartheid had to give way to a non-racial, fully representative society;

2 that it should be acknowledged that change in South Africa had taken place, but more was required and this had to take place more quickly;

3 that negotiation still remained the best and quickest means of bringing apartheid to an end, whereas violence would prolong the process of change; the right setting for dialogue and change would be the suspension of violence on all sides;

4 that comprehensive mandatory sanctions would not, as some people liked to believe, bring down the South African Government, which was not on the verge of collapse; and

5 the need to continue to identify and exploit every chance and opportunity for dialogue.

Three things had emerged from the discussions: complete agreement about objectives; significant, but understandable, differences about the means, including differences between the four leaders; and a greater readiness to accept the sincerity of his mission. Moreover, he had been able to remind the leaders of some of the practical and positive actions that Britain was taking to help to surmount specific difficulties in Southern Africa. These included measures to improve their countries' rail and road links with the outside world and to enhance the security of such links by training their armed forces; and, for the black people of South Africa, the recently revised European Code of Conduct for employers (see p 117) and educational programmes for black South Africans and black trade unionists.

Emphasising that the key to progress in South Africa was the position of the South African Government, Sir Geoffrey said that he would use his forthcoming meetings with its leaders to explore its intentions for the further dismantling of apartheid, and to urge on them the need to act rapidly and decisively in that direction if further tragedy was to be averted. In particular, and most urgently of all, he would impress on them the need to release Nelson Mandela and other political detainees and to lift the ban on the ANC and other political parties as an essential prerequisite for any dialogue at all.

Together with its Commonwealth and European partners, Britain had implemented, fully and conscientiously, a whole series of measures designed to make

[1]By 20 July 24 Commonwealth countries had announced that they were withdrawing from the Games. Of these, ten were from Africa, ten from the Caribbean and four from Asia and the Pacific.

clear its view of the imperative need to bring apartheid to an end. These measures, affecting economic, sporting and cultural relations between Britain and South Africa, had been calculated not to threaten, nor to destroy, but to encourage and promote change. As for further measures, Sir Geoffrey referred to the commitment made by the European Council at The Hague to consider these. He added: 'There was and is no concept of automaticity about further measures. However, we have agreed to consider these measures. I am engaged in a mission to Southern Africa, not to promote measures, but to seek changes and commitments to progress which are desired by honourable members on both sides of the House, the European Community and the Commonwealth. It must be recognised that I may not achieve those changes. If the mission does not procure tangible and substantial progress in South Africa, I would regard agreement on further measures as likely to be necessary.'

Opposition Views

The official Opposition spokesman on foreign affairs, Mr Denis Healey, said that sanctions were not an alternative to negotiations, but the only means of promoting the conditions in which a meaningful dialogue could take place. Referring to recent talks that he had had in South Africa with black and church leaders, Mr Healey said that he now favoured comprehensive mandatory sanctions since they would bring the issue to a head faster. There was also a case for something less than comprehensive sanctions, for example, the banning of key South African exports such as gold, diamonds and minerals. Without the currency earned by these exports, the South African Government's capacity to import would be severely constrained. Whatever measures were finally chosen had to be strict and swift and be the subject of collective action by a large number of states through the United Nations. To seek delay now would mean that decisions would come too late and there was a risk of the Commonwealth being wrecked on the issue.

The Liberal Party spokesman, Mr Alan Beith, said that the people of the Commonwealth could draw only one conclusion from recent statements, namely that the Prime Minister was not prepared to contemplate any measures which could bear heavily on South Africa. The black majority population increasingly believed that Britain was their enemy and it was necessary to try to change this view, since there was no alternative to violence if the people could see no support coming from Britain. The future of the Commonwealth, a community of political co-operation crossing the north-south border and having great trade significance, was also threatened. The Government had to consider measures such as the banning of airline flights and of new investment and be prepared to look at bans on specific products. Britain also had to strengthen its assistance to countries such as Zimbabwe since that country was deeply involved in seeking to maintain through Mozambique transport routes threatened by the direct intervention of South Africa.

Government Reply

Replying for the Government, Mrs Lynda Chalker, Minister of State at the Foreign and Commonwealth Office, said that it was vital that the Commonwealth continued to be an important channel of dialogue and debate among countries across the world regardless of colour or creed. Britain was at one with the rest of the Commonwealth in its wish to see an end to apartheid and rapid and fundamental change in South Africa. The Government did not believe that differences about means and not ends could undermine Commonwealth unity, and it wanted the Commonwealth to remain an effective force not only in promoting a solution to the crisis in South Africa but in every sphere in which its influence was felt.

Noting that the Eminent Persons Group had emphasised that the alternative to a genuine negotiated settlement in South Africa was chaos, bloodshed and destruction, Mrs Chalker said that, faced with this alternative, European Community member states had been absolutely right to make every possible effort to break the deadlock and to open the way to negotiations and the suspension of violence. Britain utterly deplored apartheid and was totally committed to finding the most effective way to achieve the changes everyone wanted. It was essential to reach workable decisions with the backing of member states of the European Community and the Commonwealth and with the leaders of the seven economic summit countries. Without this weight of world opinion and the effective commitment of all these countries to achieve change, there would be no success and people would seek to avoid sanctions for their own selfish purposes. Without the efforts of the European mission, there would be no chance of persuading the South African Government to move further down the path on which it had started in recent years.

Restrictive Measures against South Africa

Britain has for many years followed a policy of both restrictive and positive measures in regard to South Africa. The restrictive measures cover not only arms sales and sporting contacts, where Britain is bound by international agreements (concluded in the late 1970s), but also a general refusal to collaborate in the nuclear and military fields. In September 1985, Britain consolidated the measures it was taking in a package agreed with its partners in the European Community. The measures included were the following:

– an embargo on exports of arms and paramilitary equipment to, and on imports of such equipment from, South Africa;

– the discouragement of all sporting contacts with South Africa;

– a ban on military co-operation, including the recall of military attachés accredited to South Africa and a refusal to grant accreditation to new military attachés from South Africa;

– an end to sales of sensitive equipment to the South African police and armed forces;

– no collaboration with South Africa's nuclear programmes;

– a ban on the export of oil to South Africa;

– the discouragement of scientific and cultural events except where these contribute towards the ending of apartheid or have no possible role in supporting it;

– the freezing of official contacts and international agreements in the sphere of security.

Under the Nassau Accord, Britain agreed to implement the following additional measures:

– a ban on all new government loans to the South African Government and its agencies;

– an end to government funding for trade missions to and for trade fairs in South Africa;

– a ban on the import of all gold coins from South Africa.

Food Aid Policy

Britain has called for major changes in the way the European Community spends its food aid budget and has identified progress towards food aid reforms as a priority in the overseas development field during Britain's presidency of the Community.

Speaking at Carmarthen, in Wales, on 20 June, the Minister for Overseas Development, Mr Timothy Raison, said that the recent famine in African countries had evoked deep human concern and a desire to do something which had led to unprecedented voluntary giving, as well as an effective United Nations co-ordination operation in Africa and a growing concern about long-term development epitomised by the United Nations Special Session on Africa (see p 187).

As part of the tremendous relief effort, which was continuing in 1986, vast quantities of grain and other supplies had been shipped and flown to the starving people of Africa, and this had given rise to an awareness of the seemingly glaring contrast between the food mountains of Europe and North America and the starving and dying in Ethiopia, Sudan and the other Sahel countries. In the light of this situation, it was easy to believe that the obvious solution lay in shipping the surpluses to feed people in developing countries, particularly in Africa. On deeper examination, however, it became clear that this was not the real answer.

Agricultural Development

Mr Raison stressed that making European and other food surpluses available to Africa had two critical drawbacks. First, it would lead to permanent dependence on food aid, and second, it would not give receiving countries any incentive to reverse policies which stultified local agricultural production. Hitherto, many African governments had held down the prices paid to farmers in the interests of urban consumers, and the reduced incentives had led to a growing food deficit and an increased need for imported food. Food production in Africa had only increased by about 2 per cent a year and, when rapid increases in population were taken into account, this meant that *per capita* food production had dropped by some 20 per cent over the last 20 years. While it would not be possible to transform African agriculture overnight, it was imperative that steps were taken to improve production by the provision of realistic prices to farmers and the development of production techniques, which had to go hand-in-hand with the carefully planned use of food aid.

Citing a FAO (Food and Agricultural Organisation) assessment that if present trends continued, 29 African countries would be unable to feed their projected populations from their own resources by the year 2000, Mr Raison pointed out that the region as a whole could feed substantially more people, but only if the present dependence on food aid was progressively reduced and farmers were given inducements as well as being encouraged to adopt techniques geared to higher productivity. At the same time, however, the inducement pendulum should not be allowed to swing too far, leading to expensive over-production.

The first step was for African governments to work out and implement effective policies. Zimbabwe, which in the last two years had had substantial maize available for export, had set an example, showing that surprisingly rapid results could be achieved, even from areas where there was overcrowding and poor soil. In many countries agricultural research had to be re-established, agricultural extension services improved and measures taken to halt creeping desertification. The African governments themselves, not least at the recent United Nations Special Session on Africa, had acknowledged that it was for them to take the initiative. In addition, support also had to be made available by donor governments. For its part, Mr Raison pointed out, Britain had provided £570 million aid to Africa in 1985, a 28 per cent increase over four years. Equally, the European Community's programmes had been increased substantially; the Lomé Convention's sixth European Development Fund (see p 265, 1985), which had become operational on 1 May and 90 per cent of which would go to Africa, was over 60 per cent larger than its predecessor. Britain's contribution, at around £800 million, was the largest single aid commitment it had ever made.

Food Aid

Even in famine years, Mr Raison explained, only a small proportion of Britain's food aid (which accounted for 10 per cent of the aid budget) was used for the relief of starvation. Most was used to pay workers on development projects (food for work) or provided free to governments to sell to urban consumers or for use in institutional feeding programmes, thus providing free foreign exchange – since food would otherwise have to be imported commercially – and, if sold, a source of revenue.

While food aid was attractive, therefore, it was also dangerous. Successive British governments, academic research and papers by Oxfam, among others, had pointed to the effects it could have on the price paid to farmers for locally produced food – just as the subsidised disposal of other European Community agricultural surpluses on the world market could depress the prices available for agricultural exports from developing countries. In 1985, in Sudan and the Sahel there had been some evidence that the very large quantities of food aid, essential though it had been, had contributed to a collapse in the market price available to producers. Donors had rightly responded with money to purchase food locally and provide it to those in need, but the sooner local people's productive power could be restored so that they could purchase food with their own money, the better it would be. For this reason, the Community was implementing a £70 million programme of rehabilitation aid in famine areas in 1986 and the British Government was also working on rehabilitation.

Outlining Britain's objectives for the reform of food aid policy, Mr Raison said that food aid had to be made to help rather than hinder. First, the institutional links between food aid and the Common Agricultural Policy had to be severed; Europe had to provide recipients with food they needed rather than with food it wanted to dispose of, and had to be prepared to buy it, when appropriate, in other developing countries (as already happened in a small way), thus helping their exports. Secondly, food aid proposals, other than for famine relief, needed to be subject to the rigorous cost-benefit analysis normally applied to other aid projects. More recipients should be offered a choice between food aid and financial support to increase their own food production. Thirdly, the procedures for responding to emergencies had to be overhauled to make them quicker and more appropriate.

Agricultural Research

In addition to changed pricing and marketing policies, more incentives and more private enterprise, agricultural research was also a key factor in tackling the problem, Mr Raison continued. In too many African countries, research into improved food crop production had fallen into neglect and had been starved of financial resources. It was essential that it was revived and that donors made clear their readiness to help. Both national and international research was needed and the International Agricultural Research Centres had a crucial part to play. These were giving greater attention to Africa and Britain's contribution to them had been increased from £4·9 million in 1985 to £5·8 million in 1986.[1]

Britain's Overseas Development Administration, which had a strong tradition of agricultural research, had been carrying out a study in Botswana of factors limiting agricultural production in semi-arid areas and was currently funding research to improve yields of tef, a staple foodstuff of Ethiopia. Research was of no value, however, if its results were not passed on, which required efficient extension services in which farmers had faith. The operation of such services lay primarily in the hands of African ministries of agriculture, but there was also an important role for technical assistance from donor countries. Many of the 1,500 British experts in Africa, wholly or partly funded by Britain, were working in these areas.

Conclusion

There were grounds for cautious optimism, Mr Raison concluded. Asia had shown what could be done to increase food self-sufficiency, and in Africa, there was a growing recognition of the policy reforms needed if more food was to be grown. It was to be hoped that this would be linked with action to reduce population growth rates. The Tokyo economic summit (see p 147) had shown that concern regarding global agricultural surpluses had now reached such a pitch that half-hearted action would not do and radical reform had to be undertaken. The West and the African governments had to act as partners in development, since the issue at stake – feeding the world – was far too important for their efforts to fail.

[1]Britain is a founder member of the Consultative Group on International Agricultural Research, which consists of 13 internationally run agricultural research centres, 12 of which are supported by Britain.

Sino-British Relations

Britain's relations with the People's Republic of China have been strengthened with the signature of a number of economic and educational co-operative agreements.

Trade Agreements

On 15 May Britain and the People's Republic of China signed in London two agreements on long-term development loans and on bilateral investment.

The Financial Arrangement relating to Development Loans, the first of the agreements signed by the Foreign and Commonwealth Secretary, Sir Geoffrey Howe, and the Chinese Minister for Foreign Economic Relations and Trade, Mr Zheng Tuobin, provides for £300 million in long-term loans to be available for the supply of British goods and services to Chinese development projects. Under the arrangement, loans will be available at a concessional rate of interest of 5 per cent over 20 years, including a five-year grace period for capital repayment. The loans will be supported by funds from the aid and trade provision of Britain's overseas aid programme.

The other agreement, on the Promotion and Reciprocal Protection of Investment, provides safeguards for investors and is designed to encourage business confidence and the flow of investments between Britain and China. Being effective on signature, the agreement will run for ten years, after which it will continue in force indefinitely unless terminated. Once terminated, its provisions would continue to apply to investments made under it for a further 15 years.

The two agreements are aimed to strengthen the framework for continued growth in trade and economic contacts between Britain and China. British exports to China rose from £103 million in 1982 to £396 million in 1985. More than half of Britain's exports concern industrial machinery and transport equipment. Imports from China rose from £193·2 million to £308 million in the same period, the major elements being beverages such as tea and coffee, textiles, and clothing and other manufactured articles. (See also pp 185-6, 1985.)

Scholarship Scheme for Chinese Students

A Memorandum of Understanding for a new scheme providing £35 million to pay for Chinese students to study in Britain over the next ten years was signed in London on 9 June by Sir Geoffrey Howe and Mr Li Peng, Vice Premier of China, and the scheme's proposer, Sir Yue-Kong Pao, a leading figure in the Hong Kong community. Sir Yue-Kong has offered to provide £14 million from a foundation towards the cost of scholarships for Chinese students in order to foster friendly relations between the two countries and to help China's modernisation programme; the remaining costs will be shared between the Chinese Government, which will contribute £14 million, and the Overseas Development Administration, which will give £7 million from the British aid programme and meet the costs incurred by the British Council in managing the scheme in Britain. About 350 awards each year are expected to be financed at universities and other institutions, with priority being given to postgraduate study and research in subjects relevant to China's civil modernisation programme, especially science, technology, economics and social science, as well as

industrial training. The first awards will start in 1987-88 and will last for six months to three years each. There are currently 1,400 Chinese students in Britain (nearly half of whom receive support from the Foreign and Commonwealth Office, including the Overseas Development Administration), compared with about 800 in 1984-85.

Shorter Note

AID TO TANZANIA

At a World Bank meeting in Paris on 11 June, Britain pledged £25 million aid to Tanzania. The offer, which is subject to agreement on a stand-by arrangement between the International Monetary Fund and the Government of Tanzania, follows Britain's promise at the United Nations (see p 187) to do more for Africa and is additional to existing aid commitments to Tanzania. The sum of £10 million will be made available in the financial year 1986-87 as programme aid to provide foreign exchange for essential imports and a further £10 million in 1987-88 subject to the continued implementation of an agreed programme of economic reform. Britain has also offered Tanzania £5 million in 1987 as untied aid alongside the World Bank's Special Facility for Africa (see p 74, 1985). In addition, discussions are expected to take place between Britain and Tanzania with a view to providing further aid to support policy reform and strengthen institutions in selected sectors of the economy.

British aid to Tanzania, which amounted to over £14 million in 1985-86, covers help for road maintenance, rural development, education and health. Major projects have included the £90 million Songea-Makambako road, completed in 1985, and the Southern Regions Health Project, involving the renovation of two hospitals at Mbeya, support for six rural health centres and equipment for the tuberculosis and leprosy programme.

Source: Overseas Development Administration press notice, 11.6.86.

International Comparisons of Taxes and Social Security Contributions

In keeping with the trend in most industrialised countries, the proportion of national product taken up by taxes and social security contributions increased in Britain between 1973 and 1983 – from 36 per cent to 44 per cent. The share of taxes alone rose from 30 per cent to 36 per cent.

The May 1986 issue of *Economic Trends*[1] contains an article on international comparisons of taxes and social security contributions in 17 member countries of the Organisation for Economic Co-operation and Development from 1973 to 1983 (although complete data are not available for all countries).

Taxes and Social Security Contributions in Relation to National Product

Taxes and social security contributions accounted for 44 per cent of Britain's gross national product (GNP) at factor cost in 1983, placing Britain in tenth position out of the 17 countries (see Table 1). Since 1973 the proportion had risen in almost every country; in that year Britain's figure of 36 per cent had given it eleventh place.

Taxes alone made up 36 per cent of GNP in 1983, putting Britain fourth out of the same 17 countries (see Table 2). Britain, in common with most of the others, had had a lower proportion in 1973 (30 per cent, to place it seventh).

For 12 countries, estimates for 1983 and preliminary estimates for 1984 are given for taxes and social security contributions as a percentage of gross domestic product at market prices. In both years, Britain was placed ninth, with 38 per cent in 1983 and 39 per cent in 1984.

Composition of Taxes and Social Security Contributions

The article looks at variations between 1973 and 1983 in the relative importance of various taxes by considering their changing share of total taxes and social security contributions.

Unlike most of the other countries, Britain experienced a fall in the share of direct taxes on households. The figure rose from 33 per cent in 1973 to a peak of 39 per cent in 1975, since when it has declined in every year, to 29 per cent by 1983. A large part of the fall occurred between 1978 and 1979, reflecting the shift from direct to indirect taxation in the 1979 Budget (see pp 196-7, 1979).

[1]Central Statistical Office. HMSO, £9·50. ISBN 0 11 620218 1.

Table 1

Taxes and social security contributions as a percentage of GNP at factor cost

	1973 Percentage	Rank	1983 Percentage	Rank
Sweden	47	3	59	1
Denmark	49	2	56	2
Norway	55	1	56	3
Netherlands	47	4	53	4
France	41	7	51	5
Belgium	41	8	50	6
Austria	46	5	49	7
Italy	30	13	47	8
Federal Republic of Germany	44	6	46	9
Britain	36	11	44	10
Finland	38	9	38	11
Canada	37	10	37	12
Greece	26	16	35	13
Australia	29	14	35	14
Switzerland	28	15	32	15
United States	32	12	31	16
Japan	23	17	30	17

Table 2

Taxes as a percentage of GNP at factor cost

	1973 Percentage	Rank	1983 Percentage	Rank
Denmark	48	1	54	1
Sweden	38	3	43	2
Norway	39	2	42	3
Britain	30	7	36	4
Belgium	28	11	35	5
Australia	29	8	35	6
Austria	35	4	35	7
Finland	32	6	33	8
Canada	34	5	33	9
Italy	18	16	31	10
France	25	12	29	11
Netherlands	29	10	29	12
Federal Republic of Germany	29	9	28	13
Greece	19	15	24	14
United States	25	13	24	15
Switzerland	20	14	22	16
Japan	18	16	21	17

Table 3

Direct taxes on households and social security contributions* as a percentage of total personal income

	1973 Direct taxes	Social security contributions	Total	1983 Direct taxes	Social security contributions	Total
Sweden	21	4	25	24	1	25
Netherlands	14	9	23	11	13	24
Federal Republic of Germany	13	8	21	12	10	22
Belgium	12	4	16	16	5	21
Switzerland	13	5	18	14	7	21
Britain	13	3	16	13	4	17
Canada	14	1	16	15	2	17
United States	12	3	15	13	4	16
Australia	13	—	13	15	—	15
France	6	5	10	8	7	15
Japan	6	3	9	8	4	12
Italy	5	3	8	*na*	*na*	*na*

*Excluding employers' contributions.
na = not available.
Note: Differences between totals and the sums of their component parts are due to rounding.

In most of the countries, the share of direct taxes on corporate income remained more or less constant between 1973 and 1983 or fell slightly. In Britain the figure was 41 per cent in 1973; it declined in the mid-1970s but then rose fairly steadily, mainly as a result of the increasing importance of taxes on profits from North Sea oil, to reach 42 per cent by 1983.

The share of indirect taxes fell in most of the countries. In Britain, however, it declined steadily from 1973 to 1975 but then began to rise, increasing sharply to reach 43 per cent by 1979 following the measures in that year's Budget. It then fell, to 42 per cent by 1983, just above the 1973 level of 41 per cent.

The proportion taken up by social security contributions rose in Britain, as in most of the countries, from 16 per cent in 1973 to 18 per cent ten years later.

Direct Taxes on Households and Social Security Contributions in Relation to Total Personal Income

In Britain in 1983, direct taxes on households plus social security contributions amounted to 17 per cent of total personal income (direct taxes 13 per cent and social security contributions 4 per cent), placing Britain sixth out of 11 countries (see Table 3). The proportions were little changed since 1973, when Britain's ranking had also been of the middle order.

Overseas Direct Investment by Companies

Net direct investment overseas by British companies amounted to almost £6,000 million in 1984. This was much higher than in either of the previous two years but lower than in 1981. Net direct investment in Britain by overseas companies was, at £425 million, sharply down on that recorded in recent years, largely because of substantial disinvestment by oil companies. In 1984 net earnings from British direct investment overseas were £7,800 million while net earnings from overseas direct investment in Britain amounted to some £6,500 million.

Provisional figures for 1985 (see Table 1) suggest that outward net direct investment[1] continued to rise, to some £6,500 million. The sharp decline in inward investment in 1984 was reversed with the resumption of positive investment by oil companies. Earnings and outgoings were both up on their 1984 levels. These findings are from the annual inquiry conducted by the Department of Trade and Industry, the main results of which were published in the 6 June issue of *British business*. As data for 1985 are only provisional, this article deals with the more detailed analysis for 1984.

[1]Direct investment overseas consists of long- and short-term funds given by an investor in one country to overseas affiliates (subsidiaries, associates and branches) in the form of share capital, loans, trade credit and retained profits. It is measured net, after deducting loans made by the affiliates to their direct investors. As this article is concerned only with net direct investment, the words 'net direct' are omitted from the text from now on.

Table 1

Net Overseas Direct Investment and Earnings

£ million

	1980	1981	1982	1983	1984	1985*
Outward direct investment overseas						
Investment						
Non-oil companies	3,391	4,671	2,396	3,313	*na*	*na*
Oil companies	1,533†	1,422†	1,987†	1,940†	*na*	*na*
Total excluding miscellaneous transactions	*na*	*na*	*na*	*na*	5,819	6,681
Miscellaneous transactions	*na*	*na*	*na*	*na*	152	−164
Total	4,924	6,093	4,383	5,253	5,971	6,517
Earnings						
Non-oil companies	2,933	3,546	3,031	4,078	*na*	*na*
Oil companies	2,113†	1,870†	1,835†	2,188†	*na*	*na*
Total excluding miscellaneous transactions	*na*	*na*	*na*	*na*	7,714	7,921
Miscellaneous transactions	*na*	*na*	*na*	*na*	86	97
Total	5,046	5,416	4,866	6,266	7,800	8,018
Inward direct investment in Britain						
Investment						
Non-oil companies	2,541	980	1,074	2,115	2,196	1,730
Oil companies	1,714	1,882	1,770	1,238	−1,836	1,404
Total excluding miscellaneous transactions	4,255	2,862	2,844	3,353	360	3,134
Miscellaneous transactions	100	70	120	85	65	90
Total	4,355	2,932	2,964	3,438	425	3,224
Earnings						
Non-oil companies	1,873	1,961	2,146	2,417	2,936	3,330
Oil companies	2,896	2,734	2,578	2,950	3,511	4,162
Total excluding miscellaneous transactions	4,769	4,695	4,724	5,367	6,447	7,492
Miscellaneous transactions	4	7	8	8	8	8
Total	4,773	4,702	4,732	5,375	6,455	7,500

*Provisional.

†Including miscellaneous transactions.

na = not available.

Table 2

Net British Direct Investment Overseas Analysed by Area*

£ million

	1980	1981	1982	1983	1984
Western Europe	**450·5**	**195·4**	**95·9**	**−99·5**	**−200·7**
European Community	439·2	143·9	−78·0	−245·9	−354·0
Belgium and Luxembourg	−11·0	−15·3	−4·9	71·9	117·2
Denmark	20·5	1·8	3·4	8·3	58·2
France	126·8	129·7	61·8	118·8	154·5
Federal Republic of Germany	370·6	194·1	70·7	−3·1	19·6
Greece	−0·3	5·2	6·3	0·1	20·2
Irish Republic	63·8	75·9	55·9	7·1	50·8
Italy	49·0	76·7	22·9	30·1	151·3
Netherlands	−180·2	−324·2	−294·0	−479·2	−925·7
European Free Trade Association	−36·0	−12·4	90·4	83·8	50·0
Austria	−6·1	3·9	—	0·5	25·8
Finland	2·0	4·2	−2·7	2·5	5·2
Iceland	*na*	—	*na*	*na*	*na*
Norway	*na*	11·7	*na*	*na*	*na*
Portugal	10·6	19·7	11·4	24·8	26·4
Sweden	2·1	5·3	−2·7	19·9	17·5
Switzerland	−39·4	−57·2	89·0	34·3	−49·5
Other Western Europe	47·3	63·9	83·5	62·7	103·4
North America	**1,860·8**	**2,733·1**	**1,514·7**	**1,747·9**	**3,473·7**
Canada	148·5	255·7	58·7	237·8	480·8
United States	1,712·4	2,477·4	1,456·0	1,510·2	2992·8
Other developed countries	**444·4**	**711·6**	**426·8**	**646·8**	**694·5**
Australia	166·5	362·9	176·9	285·2	428·0
Japan	14·7	17·2	13·7	25·5	55·6
New Zealand	30·9	39·9	8·5	40·1	79·3
South Africa	232·3	291·6	227·7	296·0	131·6
Rest of the world	**634·9**	**1,031·0**	**358·7**	**1,017·2**	**1,852·3**
Africa	183·1	267·9	263·0	76·6	−178·5
Middle East	25·1	8·3	43·1	−29·1	−11·3
Other Asia	144·9	440·4	−287·9	483·8	530·4
Caribbean, Central and South America	293·8	301·9	343·0	478·7	1,468·6
Other	−12·0	12·4	−2·4	7·1	43·2
World	**3,390·7**	**4,671·2**	**2,396·0**	**3,312·5**	**5,819·4**
Commonwealth	808·6	1,389·8	311·6	1,452·3	2,287·4
Developing countries	634·9	1,030·9	358·7	1,017·3	1,852·7
Oil-exporting countries†	123·3	128·3	195·6	6·0	−8·2

*Excluding miscellaneous transactions and, for 1980-83, oil companies.

na = not available.

†Algeria, Ecuador, Gabon, Gulf States, Indonesia, Iran, Iraq, Kuwait, Nigeria, Qatar, Saudi Arabia, Trinidad and Tobago, and Venezuela.

Trends in Investment

Fluctuations from one year to the next in the flow of overseas investment are affected by changes in inflation and in exchange rates as well as by company decisions. Because investment is made up of transactions in financial assets, for which there are no suitable price indices, estimates of volume trends cannot be made. Nevertheless, a rough indication of underlying trends can be obtained by comparing investment flows with gross domestic product (GDP).

Outward investment was just over 1 per cent of GDP (at current market prices) during most of the 1960s. It then grew rapidly to a peak of some 2·75 per cent in 1973, possibly reflecting companies' anticipation of British membership of the European Community from the beginning of that year. During the recession, brought on by the first round of oil price increases in 1973-74 (see p 17, 1974), outward investment fell as a proportion of GDP, but then rose unevenly to reach another peak in 1979. The high levels around the turn of the decade reflected investment outflows seeking better economic prospects at a time when only a low rate of return was available in Britain.

Inward investment as a percentage of GDP increased slowly in the 1960s. In the 1970s the figure behaved erratically. Increasing oil and gas exploration in the North Sea and the prospect of British membership of the European Community contributed to a rise, but recession in 1975 and in 1980-81 exerted a downward influence.

Outward Investment

Outward investment of £5,971 million in 1984 (see Table 1) was higher than in either of the previous two years but slightly below the 1981 level. A main feature

Table 3

Net Earnings from British Direct Investment Overseas Analysed by Area*

£ million

	1980	1981	1982	1983	1984
Western Europe	**523·3**	**531·3**	**439·4**	**761·0**	**1,583·4**
European Community	372·9	342·1	231·4	452·9	1,063·8
Belgium and Luxembourg	42·8	34·9	28·3	40·3	50·4
Denmark	14·5	11·3	3·9	14·8	57·7
France	67·4	61·3	43·4	22·6	16·4
Federal Republic of Germany	124·5	73·2	85·9	171·9	22·6
Greece	3·2	2·5	5·2	9·2	10·4
Irish Republic	81·7	107·3	94·0	56·5	65·4
Italy	45·8	34·2	35·8	47·3	68·3
Netherlands	−7·0	17·3	−65·0	90·3	772·6
European Free Trade Association	119·0	134·8	135·3	215·0	418·8
Austria	10·9	11·1	4·7	14·9	18·0
Finland	4·9	5·3	3·7	3·5	2·9
Iceland	*na*	—	0·1	*na*	*na*
Norway	*na*	5·9	2·5	*na*	*na*
Portugal	16·6	17·3	16·8	19·5	33·3
Sweden	17·7	13·4	12·7	18·7	78·6
Switzerland	66·4	81·9	94·9	153·6	168·2
Other Western Europe	31·4	54·5	72·6	93·0	100·7
North America	**760·9**	**1,023·5**	**699·7**	**1,163·0**	**2,506·7**
Canada	196·5	191·9	163·9	346·3	389·6
United States	564·4	831·6	535·8	816·7	2,117·1
Other developed countries	**751·9**	**839·3**	**730·7**	**882·1**	**1,146·9**
Australia	277·2	318·1	253·6	271·4	552·7
Japan	20·9	18·0	21·9	29·8	59·1
New Zealand	32·7	38·4	44·1	53·7	133·0
South Africa	421·1	464·8	411·0	527·2	402·1
Rest of the world	**897·3**	**1,151·5**	**1,161·0**	**1,272·3**	**2,477·6**
Africa	267·0	267·7	261·8	307·7	440·3
Middle East	60·8	76·6	118·2	137·9	236·1
Other Asia	329·5	405·6	404·9	406·6	751·4
Caribbean, Central and South America	226·8	372·9	331·6	416·2	1,030·5
Other	13·1	28·7	44·6	3·8	19·3
World	**2,933·4**	**3,545·7**	**3,030·9**	**4,078·4**	**7,714·5**
Commonwealth	1,115·7	1,266·9	1,157·5	1,490·8	2,915·8
Developing countries	897·1	1,151·4	1,161·0	1,275·0	2,477·6
Oil-exporting countries†	167·0	197·9	228·2	255·6	519·2

*Excluding miscellaneous transactions and, for 1980-83, oil companies.

na = not available.

†Algeria, Ecuador, Gabon, Gulf States, Indonesia, Iran, Iraq, Kuwait, Nigeria, Qatar, Saudi Arabia, Trinidad and Tobago, and Venezuela.

in 1984 was a very high level of unremitted profits, which was partly attributable to the rise in net earnings on overseas investment. Unremitted profits accounted for more than 80 per cent of all outward investment. Share and loan transactions were at a high level – even higher, in nominal terms, than in 1981, a year in which there were particularly large acquisitions in the United States. Partly offsetting these outflows was disinvestment of £1,940 million on inter-company account.

Of total outward investment in 1984, one-third was in manufacturing and over two-thirds was in developed countries (see Table 2).[1] The United States had the largest share of any single country; with 51 per cent it was far ahead of the second country, Canada, which had 8 per cent of the total. Investment in South Africa was the lowest for some time. As in earlier years, there was substantial disinvestment from the Netherlands, which meant that investment in the European Community as a whole (in which there were then nine other countries) was negative.

[1]As miscellaneous transactions are excluded from Tables 2-5, references to data from these tables also exclude these transactions.

Earnings from Outward Investment

Of net earnings from outward investment in 1984 of £7,715 million (see Table 3), 30 per cent arose from manufacturing. The developed countries accounted for two-thirds (the same as their share of outward investment), with 27 per cent from the United States and 14 per cent from the European Community. Between 1983 and 1984 net earnings from most developed countries rose sharply. There were, however, marked falls in the cases of the Federal Republic of Germany and South Africa.

Net earnings were affected by the practice of certain British companies of raising loans through their over-

Table 4

Net Overseas Direct Investment in Britain Analysed by Area*

£ million

	1980	1981	1982	1983	1984
Western Europe	**189·7**	**357·0**	**344·1**	**610·2**	**−1,473·9**
European Community	0·5	9·5	136·6	473·3	−1,749·6
Belgium and Luxembourg	15·1	−170·2	13·1	91·6	128·7
Denmark	13·2	23·7	27·5	12·4	34·0
France	−109·3	14·7	−2·4	135·1	639·0
Federal Republic of Germany	37·5	157·1	58·2	66·1	−218·5
Greece	2·0	−0·7	0·1	0·1	*na*
Irish Republic	19·4	2·3	21·1	−15·9	*na*
Italy	−10·8	14·7	6·3	6·4	19·1
Netherlands	33·5	−32·1	12·7	177·4	−2,359·7
European Free Trade Association	188·8	344·8	203·6	123·2	270·3
Austria	−1·0	1·2	12·5	−11·8	0·9
Finland	3·3	51·6	12·2	34·9	*na*
Norway	23·8	21·3	117·6	−76·4	0·3
Portugal	1·5	—	2·3	0·9	*na*
Sweden	43·2	87·4	9·6	45·5	40·3
Switzerland	118·0	183·4	49·3	130·2	213·3
Other Western Europe	0·4	2·7	3·9	13·7	5·4
North America	**1,963·3**	**88·0**	**318·4**	**1,258·3**	**1,657·4**
Canada	50·8	−29·5	−58·5	31·3	−28·9
United States	1,912·4	117·5	376·8	1,227·0	1,686·3
Other developed countries	**171·3**	**281·0**	**40·1**	**185·4**	**123·4**
Australia	71·4	−44·7	41·0	−60·3	−3·1
Japan	14·0	173·3	−62·7	188·7	−34·2
New Zealand	−3·7	12·9	−6·0	−4·9	*na*
South Africa	89·7	139·5	67·7	61·9	*na*
Rest of the world	**216·5**	**253·6**	**371·1**	**60·8**	**53·0**
Asia	24·6	238·7	363·2	−10·3	−74·9
Caribbean, Central and South America	202·8	3·4	34·9	42·0	93·9
Other	−10·9	11·6	−27·0	29·1	34·1
World	**2,540·9**	**979·7**	**1,073·7**	**2,114·7**	**359·9**

*Excluding miscellaneous transactions and, for 1980-83, oil companies.

na = not available.

seas subsidiaries; the resulting interest payments have served to reduce net earnings.

Inward Investment

Inward investment in 1984 amounted to only £425 million (see Table 1); however, this figure concealed diverse trends. Inward investment by non-oil companies was almost £2,200 million (partly reflecting acquisitions by overseas companies of British companies) but disinvestment by oil companies (dominated by a transaction by the Dutch arm of the Royal Dutch/Shell Group) was over £1,800 million. As a result of improved trading conditions in Britain in 1984, profits on inward investment increased sharply. This led to a similar rise in unremitted profits, the main component of further investment.

Inward investment by manufacturing in 1984 amounted to well over £1,200 million but there was disinvestment of almost £900 million by the non-manufacturing sector. Inward investment was dominated by the United States, with a total of nearly £1,700 million (see Table 4). There was substantial disinvestment by the Federal Republic of Germany and the Netherlands.

Earnings from Inward Investment

Of total net earnings from inward investment of £6,447 million in 1984 (see Table 5, p 228), 26 per cent was attributable to manufacturing; oil companies accounted for 54 per cent. The increase since 1983 of 12 per cent in earnings of non-oil companies was partly a reflection of improved trading conditions in Britain. However, the 1983 earnings figures were depressed as some companies had brought forward investment in anticipation of the phasing-out of capital allowances announced in the 1984 Budget (see p 122, 1984).[1] The underlying rise in 1984 was therefore more modest. The major part of oil companies' earnings was due to the profitability of North Sea operations; this was especially true of companies whose parent companies were in the United States. A high proportion of these profits were remitted to parent companies as dividends. In 1984 the United States accounted for 59 per cent of net earnings and the European Community for 27 per cent.

[1]Companies' accounting years do not always correspond to calendar years; accordingly, some of a company's earnings attributed to 1983 may actually have occurred after the March 1984 Budget.

Table 5

Net Earnings from Overseas Direct Investment in Britain Analysed by Area*

£ million

	1980	1981	1982	1983	1984
Western Europe	**139·1**	**215·7**	**245·2**	**485·4**	**1,927·6**
European Community	62·1	58·6	151·2	341·5	1,737·7
Belgium and Luxembourg	32·7	38·0	36·4	43·9	44·4
Denmark	15·5	27·6	26·4	27·9	15·9
France	32·8	−28·8	98·6	95·1	333·8
Federal Republic of Germany	19·1	67·2	20·2	22·5	132·8
Greece	1·1	0·4	—	—	*na*
Irish Republic	12·2	6·4	2·3	12·2	43·7
Italy	−15·5	9·7	−16·2	−0·4	*na*
Netherlands	−35·7	−61·9	−16·5	140·2	1,185·1
European Free Trade Association	73·3	152·5	90·2	142·5	192·5
Austria	0·8	0·9	3·8	2·4	0·1
Finland	4·1	−5·9	2·1	2·3	−1·9
Norway	11·8	4·7	−7·7	−13·1	*na*
Portugal	1·0	—	1·5	2·3	*na*
Sweden	21·0	5·0	−1·9	31·9	31·7
Switzerland	34·7	147·8	92·4	116·8	172·5
Other Western Europe	3·7	4·7	3·8	1·4	−2·6
North America	**1,469·4**	**1,519·7**	**1,386·8**	**1,491·3**	**4,062·4**
Canada	88·5	87·8	83·9	158·1	246·5
United States	1,380·9	1,431·9	1,302·9	1,333·1	3,815·9
Other developed countries	**176·3**	**122·7**	**125·4**	**256·2**	**345·6**
Australia	52·5	18·5	42·1	57·6	32·4
Japan	91·6	72·5	90·2	181·5	278·0
New Zealand	1·8	3·1	4·2	5·9	10·9
South Africa	30·4	28·6	−11·1	11·2	24·3
Rest of the world	**87·8**	**102·5**	**388·2**	**184·3**	**111·0**
Asia	31·2	48·3	306·1	104·4	9·8
Caribbean, Central and South America	54·6	41·5	65·7	57·7	92·4
Other	2·1	12·6	16·4	22·3	8·8
World	**1,872·7**	**1,960·6**	**2,145·6**	**2,417·2**	**6,446·6**

*Excluding miscellaneous transactions and, for 1980-83, oil companies.

na = not available.

Industrial Disputes: International Comparisons

Over the period 1975 to 1984 Britain lost an annual average of 500 working days per 1,000 employees, equivalent to half a working day per employee per year. However, although during 1984 its record was worse than other countries as a result of the effects of the major dispute in the coal industry.

The latest available data on international disputes statistics are given in an article in the Department of Employment's *Employment Gazette* for July 1986 (HMSO, £3·25, ISBN 0 11 727927 7). Statistics are given for 21 members of the Organisation for Economic Co-operation and Development. The article says that considerable care must be taken when making detailed international comparisons because of the different coverage of each country's statistics. For example, there are differences in the inclusion or exclusion of workers indirectly involved in a stoppage, with only about half of the countries (including Britain) attempting to include them, and in differences relating to political strikes, which are excluded from the statistics for Britain and some other countries, although the exclusion in Britain's case does not have a significant effect on the statistics in most years.

General Comparisons

Table 1 shows the number of working days lost per 1,000 employees in employment for each of the 21 countries. Britain's position of having the highest number of days lost in 1984 was mainly as a result of the dispute in the coal industry (see pp 47-8 and 77-8, 1985). If this were excluded, the incidence of days lost per 1,000 employees would have been 220, giving Britain a broadly middle-ranking position, although this comparison does not take into account any significant stoppages in other countries which might have been influential on their figures. However, the article notes that, as annual comparisons may be influenced

Table 1

Working Days lost in Industrial Disputes per 1,000 Employees in All Industries and Services 1975-84

				Average*		
	1982	1983	1984	1975-79	1980-84	1975-84
Britain	250	180	1,280	510	480	500
Australia	400	310	240	600	470	530
Austria	†	†	†	†	†	†
Belgium	*na*	*na*	*na*	240	(70)	(220)
Canada	610	460	390	940	660	790
Denmark	50	40	60	90	110	100
Finland	100	360	750	470	480	470
France	130	80	80	210	90	150
Federal Republic of Germany	†	†	260	50	50	50
Greece	840	*na*	*na*	700	(1,010)	(830)
Irish Republic	500	380	470	920	470	680
Italy	1,280	980	610	1,510	950	1,230
Japan	10	10	10	80	10	50
Netherlands	50	30	*na*	30	(20)	(30)
New Zealand	310	360	400	380	360	370
Norway	170	†	60	30	60	50
Portugal	170	230	100	(160)	200	(190)
Spain	370	590	890	1,440	660	1,080
Sweden	†	10	10	30	240	140
Switzerland	†	†	†	†	†	†
United States	100	190	90	260	160	210

na = not available.
*Annual averages for those years within each period for which data are available, weighted for employment. Brackets indicate averages based on incomplete data.
†Less than five days lost per 1,000 employees.

Table 2

Working Days lost in Industrial Disputes per 1,000 Employees in Selected Industries (Mining and Quarrying, Manufacturing, Construction, and Transport and Communications) 1975-84

				Average*		
	1982	1983	1984	1975-79	1980-84	1975-84
Britain	460	330	3,120	980	1,070	1,020
Australia	900	620	510	1,170	1,030	1,100
Austria	†	†	†	†	†	†
Belgium	*na*	*na*	*na*	470	(140)	(420)
Canada	1,410	600	930	1,940	1,280	1,610
Denmark	100	80	150	180	250	210
Finland	220	390	690	840	620	730
France	260	160	170	320	180	260
Federal Republic of Germany	†	†	510	90	100	100
Greece	920	*na*	*na*	(850)	(970)	(940)
Irish Republic	830	550	650	1,650	690	1,170
Italy	1,930	1,480	730	1,820	1,350	1,590
Japan	20	20	20	140	30	80
Netherlands	60	40	*na*	70	(40)	(50)
New Zealand	710	840	960	(870)	810	(840)
Norway	390	10	60	40	130	90
Portugal	290	440	180	(290)	350	(340)
Spain	*na*	*na*	*na*	2,730	*na*	(2,730)
Sweden	†	10	20	20	480	240
Switzerland	†	†	†	†	†	†
United States	300	590	160	*na*	410	(410)

na = not available.
*Annual averages for those years within each period for which data are available, weighted for employment. Brackets indicate averages based on incomplete data.
†Less than five days lost per 1,000 employees.

by a small number of large stoppages, the longer-term comparisons are more appropriate. On this basis, between the first five-year period (1975-79) and the second (1980-84), there was an improvement in the incidence of working days lost in Britain and nearly all the other OECD countries. In the majority of cases where an increase was recorded, it was only a marginal rise. In 1980-84 Britain lost an annual average of 480 days per 1,000 employees, which represented about half a working day per employee per year.

Disputes in Selected Industries

Table 2 shows the number of working days lost in four broad sectors which are especially prone to disputes: mining and quarrying, manufacturing, construction, and transport and communications. The incidence of working days lost in these sectors is about twice the level in all industries and services, and the countries with the highest overall number of days lost (which include Spain, Canada, Italy and the Irish Republic) also experience the largest numbers of days lost in these sectors.

Vocational Education and Training

The Government's decision to extend the pilot Technical and Vocational Education Initiative to become a national scheme from autumn 1987 and the arrangements for the reform of the system of vocational qualifications are two of the major features concerning the development of vocational education and training set out in a White Paper, published on 2 July.[1]

In a statement in the House of Lords (*Hansard* [*HL*], Vol 477, No 121, cols 882-3), the Secretary of State for Employment, Lord Young, said that the Technical and Vocational Education Initiative (TVEI) had been launched on a pilot basis in 1982 (see pp 415-16, 1982). Through the Manpower Services Commission (MSC), additional funds had been made available to local education authorities to develop new ways of increasing the vocational content of the curriculum and to offer pupils aged 14 to 18 more work-related learning. By the end of 1986 nearly 100 education authorities in Great Britain would be involved with the TVEI, which would be covering over 600 schools and colleges and helping nearly 50,000 pupils. The TVEI had 'opened up new opportunities for more young people of all abilities to see how school can be made more relevant to adult and working life'. The Government wanted the benefits extended to many more pupils and had therefore asked the Commission to administer the extension of the TVEI to become a national scheme from autumn 1987. This would involve a substantial financial commitment, amounting to an average annual expenditure of about £90 million over the next ten years.

Lord Young said that there was also a need to reform the system of vocational qualifications 'to encourage more people, both young and old, to improve their skills when they have left school.' A review of the pattern of vocational qualifications in England and Wales, published in May 1986,[1] had concluded that the present system was complex and incomplete, and had recommended the establishment of a new system of qualifications within a framework to be called the National Vocational Qualification. It had also proposed the establishment of a National Council for Vocational Qualifications. The Government accepted these recommendations and the Council would be set up in autumn 1986 and would be asked to have the new system of qualifications in England, Wales and Northern Ireland in operation by 1991 (for the position in Scotland see p 231). The recommendations had been generally welcomed and the Government believed that they would lead to 'a much better system of vocational qualifications, which will be widely understood and respected by individuals and by employers'. It also hoped that this would stimulate greater investment in training.

WHITE PAPER

The White Paper says that 'people – with their knowledge, learning, skills, intelligence, innovation and competence' – are Britain's most important resource. 'There must be a climate in which people can be motivated and in which their potential and their creative capacity can be harnessed.' Learning has to be rewarded and to be seen to lead to progress for individuals and companies, and 'all must recognise that it is in their interest to invest more time, effort and money in training than they do now'. The main effort to achieve these changes must come from individuals and employers, but the Government also has a vital role. It has worked with others to modernise vocational education and training in a number of ways, including the establishment of the Youth Training Scheme in 1983 (see pp 127-8, 1985), which has provided over 1 million young people with good-quality foundation training on leaving school; the reform of the school curriculum and examinations (see pp 134-6, 1985); the TVEI; the start of a new partnership between the MSC and local education authorities in England and Wales to develop work-related, non-advanced further education; the development of an adult training strategy; developments in open learning, such as the Open Tech; and the modernisation of traditional vocational education and training patterns, such as apprentice training. However, more needs to be done and the Government, the Confederation of British Industry and the Trades Union Congress have accepted that employers need a much greater commitment to training.

The objectives, according to the White Paper, must be to ensure that:

- opportunities and choices in vocational education and training are greater and of better quality;
- the system is responsive to labour market needs and encourages the supply of appropriate skills;
- employers, students and trainees decide, in the role of customers in a well-developed market, 'what, when, where and how best they can learn';

[1] *Working Together – Education and Training.* Cmnd 9823. HMSO, £3·60. ISBN 0 10 198230 5.

[1] *Review of Vocational Qualifications in England and Wales: A Report by the Working Group.* HMSO, £2·95. ISBN 0 11 270590 1.

- access to vocational education and training starts at school and continues throughout working life;
- competence and achievement are recognised and rewarded by employers, and.unnecessary barriers to education and training are removed;
- a structure of recognised qualifications exists, based on competence and matching the needs of modern employment;
- good-quality, reliable and highly professional suppliers of vocational education and training exist;
- value for money is clearly demonstrated; and
- there is 'a system which employers and employees understand, respect and use to the full with a major increase in their investment in training'.

The White Paper concentrates on the application of these objectives to vocational education and training for young people, although the proposed reform of vocational qualifications will also have considerable benefits for older people.

Developments in Full-Time Education

The White Paper says that the Government's education policies 'aim to give to every pupil and student a capability which makes them versatile and sufficiently adaptable for the technological challenges of employment'. As set out in its White Paper *Better Schools*, issued in 1985 (see pp 134-6, 1985), the Government's policy is that up to the age of 16 all pupils should be acquiring 'a broad competence in communication, numeracy, science and technology, design, foreign languages, and other subjects necessary in a successful modern society'. Government policy now emphasises 'practical learning: pupils of all abilities need to be taught to apply what they learn to what has to be done outside the classroom and in the real world of work'.

The reform of the curriculum will be reinforced by a reform of the examinations taken around the age of 16 (see p 135, 1985). The new General Certificate of Secondary Education (GCSE), for which courses start in England and Wales in autumn 1986, will be 'fairer, more stimulating and more challenging', and will test practical skills as well as knowledge; candidates will be more stretched before they can achieve good grades. Employers will have a better idea of successful candidates' knowledge and capabilities. In addition, the Government is encouraging better teaching, through its policies designed to raise the quality of teaching and motivation of teachers. These include improving the selection of entrants to the profession, raising the quality of teacher training courses, and promoting better professional updating through in-service training.

To increase the value to those aged between 16 and 19 of full-time education and training, a number of curriculum reforms are in progress: the broadening of the curriculum of Advanced (A)-level students in England and Wales through the introduction of Advanced Supplementary (AS)-level courses in 1987 (see p 135, 1985); the introduction of the Certificate of Pre-Vocational Education in England and Wales, which will provide a basic vocational year for those not pursuing A-level studies, but who wish to keep their options open before committing themselves to training for a particular occupation; and the new framework of national vocational qualifications. The Government's objective is for 'people to progress to the limit of their creativity and potential'.

The White Paper says that the new pattern of courses and qualifications 'provides a framework within which education authorities can plan the deployment of resources to give the best possible service to young people in their area and to prospective employers in the local community and beyond'. Effective planning will seek to ensure that prospective customers for courses after 16, both students and employers, are fully informed about what is available, and that young people and their parents receive suitable advice so that they can make a wise initial choice. Some education authorities are already making good progress towards realising such objectives and the Government is taking a number of steps to ensure that these are adopted and achieved by all authorities. These include the submission to the MSC by local education authorities in England and Wales of development plans and annual programmes for work-related, non-advanced further education; draft guidance, to be issued in the near future by the Secretary of State for Education and Science to local education authorities, on the organisation of provision for pupils and students up to the age of 19; and consultation by the appropriate government departments in England and Wales with interested parties on the publication of advice concerning the provision of educational and vocational guidance and careers education.

Scotland

The public examinatjon system in Scotland is different from that in other parts of Britain, but similar reforms are in progress there. A new Standard grade, offering 'a wide range of relevant and broadening experiences for pupils of all abilities', is being introduced alongside the Ordinary grade in the Scottish Certificate of Education. Subsequent Higher grade and Certificate of Sixth Year Studies courses are being revised to provide a satisfactory progression from the Standard grade and to promote the acquisition of appropriate skills and knowledge. The '16+ Action Plan' has been developed to provide a 'framework for flexible and coherent provision for the age group'; it has also led to the development of a new qualification, the 'SCOTVEC' (Scottish Vocational Education Council) National Certificate, and introduced 'an innovative approach to the provision of non-advanced further education in the form of modular courses'.

TVEI

The White Paper says that the TVEI, administered by the MSC in close association with the appropriate education departments, 'has reinforced moves towards the development of a broader and more relevant curriculum and closer collaboration between education and industry'. It has also complemented a variety of projects sponsored by the education departments and the Department of Trade and Industry, such as the schemes involving microelectronics in schools (see p 279, 1985).[1] The first pilot projects were launched in 1983 and there are now 74 projects in 73 authorities.

The Government's decision to extend the pilot scheme into a national scheme will take effect in the autumn term of 1987 and its introduction will be

[1]For more detailed information see COI reference paper *Microelectronics in Britain's Schools*, No 239/85.

phased over a period of years. 'The objective will be to give young people aged 14 to 18 in all maintained schools and colleges access to a wider and richer curriculum based on the lessons emerging from the pilot TVEI projects.' The Government's financial commitment to the extension, which will be found from within the MSC's planned provision for young people, will build up from £12 million in 1987-88 to £41 million in 1988-89 and £84 million in 1989-90, averaging about £90 million a year over the ten years or so of the development.

In the extension of the TVEI, the White Paper notes the importance of ensuring a sufficient supply of qualified and competent teachers in certain subjects, notably mathematics, physics, technology and business studies, and the Department of Education and Science has issued a separate paper on this.[1] The Government has taken steps to increase relevant training through the scheme of TVEI-related in-service training (see p 136, 1985), for which £20 million is being provided in 1986-87. This scheme will be replaced in 1987 by a new scheme of grants to local authorities in England and Wales, as provided for by the Education Bill (see p 239), for more extensive systematic in-service training.

Youth Training Scheme

For the many young people who leave school or college at 16 or 17, the Youth Training Scheme (see pp 127-8 and 239-40, 1985) offers 'another broad route to qualifications'. The new two-year scheme, now in operation, provides high-quality training for skills, and the Government will be contributing over £1,000 million a year towards its cost when the two-year scheme is fully in operation. In 1986-87 nearly 460,000 training places will be available under the scheme. Its main objective is 'to provide a foundation of broad-based vocational education and training, and planned work experience which will give every young person taking part the opportunity to obtain a vocational qualification relating to competence in the workplace or to obtain a credit towards such a qualification'.

High standards are being set, with the intention of achieving 'a quality in the training opportunities available to young school-leavers which is the equal of anything found in our competitors overseas'. Quality of training will be ensured in a number of ways, including a requirement that from 1 April 1988 no organisation will be able to provide training for the scheme unless it has obtained the status of an 'approved training organisation', by satisfying a number of conditions; the creation of a new Training Standards Advisory Service; the development, now in progress, of a work-based variant of the Certificate of Pre-Vocational Education in England and Wales; the development by the MSC, in consultation with the sectors concerned, of illustrative schemes of two-year training programmes in a number of areas of industry and commerce; the introduction of a training agreement for every trainee; and the issue of a personal record of achievement for each trainee in addition to vocational qualifications obtained.

The Government has extended its guarantee concerning the provision of places under the scheme, so that all 16-year-old school-leavers who remain without a job after leaving school will be offered a suitable two-year place by the Christmas in the academic year after they leave school.

Vocational Qualifications

Five main priorities were identified by the review group looking at vocational qualifications in England and Wales: a need for more people who are better qualified; action to reduce confusion in the present qualifications system; a need to bridge the division between 'academic' and 'vocational' qualifications; vocational qualifications to relate more directly and clearly to competence required and acquired in work; and development of the good aspects of existing practice. The group's recommendations for a new national framework and a new national council have been accepted by the Government and urgent action is in progress to implement them in England, Wales and Northern Ireland. The new arrangements will not apply in Scotland because of the significant progress already made on the comprehensive reform of vocational qualifications under the 16+ Action Plan, although the Secretary of State for Scotland will reconsider the position in two or three years.

National Framework

The new national framework will be called the National Vocational Qualification and will be designed to incorporate existing vocational qualifications up to and including the higher levels of professional qualifications. The Government accepts as a basis for further consultation and action the review group's suggested descriptions of the standards for the first four levels of the qualification, ranging from Level I (occupational competence in performing a range of tasks under supervision) to Level IV (competence to design and specify defined tasks, products and processes, and to accept responsibility for the work of others). It will ask the National Council for Vocational Qualifications to open early discussions with the 250 or so professional bodies involved in examining and awarding qualifications in order to fit all appropriate qualifications (that is, below degree level) into these levels by the time the new framework is established in 1991. The Council will be invited to report to the Government on proposals for assimilating levels above Level IV in the light of consultations with appropriate professional and other bodies. It is important, the White Paper says, that, as the vocational education and training system is developed, appropriate recognition should be given to vocational qualifications for entry to, and progression within, higher education and higher-level professional qualifications. Unnecessary barriers should be removed, and the routes of progression and standards of achievement in professional qualifications should be clearly stated.

The National Council for Vocational Qualifications will be responsible for developing and monitoring the framework, and will accredit qualifications of bodies offering awards within the national framework, although it will not be an examining or validating body. Accreditation will be for a maximum of five years, although initially accreditation may be for little more than a year or two, to allow for changes in emphasis as the framework develops. The Council will be in operation by autumn 1986, and is expected to agree design criteria for the National Vocational Quali-

[1] *Action on Teacher Supply in Mathematics, Physics and Technology.* Available unpriced from Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

fication early in 1987 and to complete its first accreditations not later than summer 1987. There will be an initial government contribution to its funding, with joint sponsorship by the Secretaries of State for Employment, for Education and Science, for Northern Ireland and for Wales, but increasingly the Council will be funded by charges levied for its services, with the aim of becoming self-sufficient by the beginning of 1990-91.

Standards

Improvements are needed in the arrangements for setting and assessing standards, says the White Paper, and the first task is to develop dependable arrangements for specifying standards of competence across all occupations, and the second must be to ensure that vocational qualifications incorporate these standards. The Government will look to the Council, working closely with the MSC and other interests, 'to establish a clear focus for national action to secure the specification of standards of competence by effective and appropriate industry bodies'. It will expect training organisations to draw up a plan to ensure that in each sector there are procedures for defining and reviewing skill requirements and training needs, arrangements for setting and maintaining standards, arrangements for assessing and crediting learning achievements, and that relevant vocational and education training provisions are kept up to date. The Government is asking the MSC to take the lead in stimulating industry training organisations to draw up individual action plans, and to report on progress to the Government and the Council not later than April 1987. The Government will also expect the Council to ensure that qualifications are more informative and, especially, that they indicate the competence of the individual. A priority will be to develop a system to enable people to gain credit for performance in skills and competence tests in industry. In principle, the Government is sympathetic to the case for an extension of skills testing facilities, which it believes should be self-financing, and it will therefore invite the Council to report on how this may be extended, consistent with the plan for developing the National Vocational Qualification network.

In considering links between the network and the qualifications and credits which can be obtained under the Youth Training Scheme, the White Paper says that from the outset assessments under the scheme should come within the National Vocational Qualification and its counterpart, the National Certificate, in Scotland. The MSC will need to review the future of the YTS Certification Board for Great Britain with the Council and the Scottish interests.

Northern Ireland

As in the rest of Britain, the aims and objectives laid down in the White Paper apply in principle in Northern Ireland, and the Province will apply the new structure of vocational qualifications. However, it has traditionally operated distinctive education and youth training systems and, accordingly, developments in the curriculum and in youth training will be pursued in the context of its own systems. There are a number of initiatives in progress affecting the school curriculum and assessment which are similar to those in the rest of Britain, for example the 11-16 Curriculum Review and Development Programme. However, work is in progress to 'lay the foundations for a greater coherence in the whole range of vocational education and training programmes for those aged 14 to 18'. It is the intention to build on the foundation of vocational preparation provided under the Northern Ireland Youth Training Programme, which since its inception in 1982 has offered two years of training to 16-year-old school-leavers.

Energy

The future role of nuclear energy in making a substantial contribution to meeting the world's energy needs was outlined by the Secretary of State for Energy, Mr Peter Walker, in a speech on 26 June.

Mr Walker said that the availability of energy was 'the very foundation of the world economy'. Britain was better placed for indigenous energy resources than any other manufacturing country, and was the only manufacturing country in the Western world that was a net exporter of energy. However, even for Britain there would be serious energy problems in the twenty-first century. On the basis of present rates of consumption, the European Community as a whole had proven and probable oil reserves which would last ten years, gas reserves to last 38 years and coal reserves which could be produced at economic prices for 90 years. If, however, a decision were taken to halt nuclear energy production in the Community, which was responsible for 35 per cent of its electricity generated, the pressure on the available reserves would be considerably greater and within a very short period a major energy crisis would arise. Europe (already more dependent on fuel imports than the United States, the Soviet Union or the People's Republic of China) had to face 'a strategic imperative for maintaining major alternatives to fossil fuels'.

Mr Walker said that the world's known energy resources were expected to be exhausted in the twenty-first century. On the assumption of an annual increase in energy demand of 2 per cent, to meet the needs of the expanding population and of industrialisation, the proven and probable reserves of the world's oil would run out in the middle of the century, while gas and coal would run out in the second half of the century. However, there was no problem about the world supply of the cheap form of uranium, of which there were substantial reserves, while there were also vast quantities of uranium which could be extracted at higher cost. When the fast breeder reactor was fully developed, the amount of new uranium required would be very small. Stocks of depleted uranium already held in Britain could represent, if used in fast reactors, an energy potential approximately equal to Britain's technically recoverable coal reserves.

The Secretary of State pointed out the dangers of energy shortages for the developing countries, many of which had relatively small resources of conventional fossil fuels. Declining fossil fuel resources, combined

with growing world demand, would put pressure on the price of oil, gas and coal, and would place the energy requirements of developing countries beyond their means. The challenge was to see whether energy resources could be developed to enable the developing countries to build up their economies and eradicate poverty.

Alternative Forms of Energy

Mr Walker said that the world was seeking alternative forms of energy, but the only form available on a significant scale was nuclear energy. Governments throughout the world had devoted considerable resources to a search for alternatives, but the applications were limited. Solar energy had been investigated in the southern United States, Japan and the Middle East, but no major breakthrough had taken place. The potential for harnessing wind power had been examined and in Britain a £16 million wind-powered generator was being built, in Orkney (see pp 385-6, 1984, and p 354, 1985). However, the electricity produced would be much more costly than normal, while there were restrictions on when wind-powered generators could operate. The Government had provided support for studies of the possibilities of a tidal barrage scheme on the Severn Estuary. If such a scheme were developed, it could not be completed before the end of the century and its maximum output would be only equivalent to 5 per cent of Britain's existing demand for electricity. There were also problems with tidal power, including an inconsistency of supply, while this supply did not always coincide with peak demand. Experiments into geothermal energy from hot dry rocks had been successful and the research programme (see pp 354-5, 1985) had recently been extended,[1] although its commercial application was not imminent. Looking at the most promising renewable energy sources as a whole, they could together contribute a proportion of the energy needed to meet Britain's increased electricity demand, but it would be only a small proportion of the increase and they would not be able to replace present demands.

Energy Efficiency

As a result of the large-scale campaign for energy efficiency, the Secretary of State hoped that the demand for energy in Britain could be reduced by some 20 per cent below the level it would otherwise have been. However, demand was constantly increasing, and he noted that, although energy efficiency in the last 35 years had improved by 35 per cent, the demand for energy had grown by 37 per cent.

Nuclear Energy

Mr Walker said that in recent years the world's investment in nuclear power stations had amounted to about £10,000 million a year on average, as many countries had turned to nuclear energy as the only viable source of energy for the future. A number of countries were committed to nuclear energy to an extent that they could not abandon it; for example, France and Belgium generated 65 and 63 per cent respectively of their electricity by nuclear power. Major economies, such as the United States and Japan, planned to increase nuclear generation by 40 per cent in the next ten years. The Soviet Union planned to double its nuclear capacity in the next five years and had confirmed this recently, after the accident at the Chernobyl nuclear power station (see pp 141-3).

Safety

The Secretary of State pointed out that all forms of energy involved a degree of risk and referred to the thousands of deaths that had occurred in Britain in the peak years of coalmining and in the early years of the gas supply industry. He said that the nuclear energy industry had had to be different, as it had been recognised that a major nuclear accident could harm a substantial number of people. The standards of safety required had meant that at an early stage in Britain there had been a skilled safety inspectorate – the Nuclear Installations Inspectorate of the Health and Safety Executive. Great importance was attached to obtaining the highest safety standards and in this context he referred to the public inquiry which had taken place into the Central Electricity Generating Board's proposal to build a pressurised water reactor at Sizewell (Suffolk). This had involved 'the most detailed examination of all of the safety factors ever made', and it was only after the inspector's report that Britain would decide whether or not to install this type of reactor.

The nuclear energy industry had provided an increasing proportion of electricity over the last 25 years, and was currently providing 20 per cent of electricity requirements, which would rise to some 25 per cent when two new stations were commissioned in the near future. During this 25-year period the industry had had 'a remarkable safety record with no serious threat of any description to either customer or employee'. However, there could be no complacency in the light of the accident at Chernobyl, which had drawn attention to 'the crucial need for proper international standards in nuclear safety'.

Future Needs

On any projection of world energy needs, Mr Walker continued, there was 'no way of meeting those needs in the coming decades without the emergence of a substantial contribution from nuclear power'. If that contribution were not forthcoming, the wealthier countries would pay the high prices for the remaining resources and the poorer countries would suffer most. Although Britain would press for greater international collaboration in the search for safe and reliable alternative forms of energy and in ways to improve energy efficiency, the contribution from these would not begin to meet the increased demand for energy and the reduction in finite energy resources; only nuclear energy could 'meet the pressing needs of the coming decades'. There had to be 'stringent international standards for dealing with incidents, no matter how minor', and Britain would continue to press for the International Atomic Energy Agency to have the resources to achieve the required objectives. If safe nuclear energy could be secured, it would be 'environmentally better than any other form of energy known to man' and would also be 'the most economic form of energy yet known to man'.

[1]It was announced on 12 June that a further £6·85 million was being provided for the research programme into energy from hot dry rocks. The programme carried out by the Camborne School of Mines would be extended for two years from October 1986. It is hoped to have a commercial prototype in operation, with industrial collaboration, by the mid-1990s.

Channel Tunnel Bill

The Channel Tunnel Bill, which provides authority for the promoters to build and operate the railway tunnel system and enables the Government to ratify the Channel Fixed Link Treaty between Britain and France, has received its second reading in the House of Commons.

Main Provisions

The first part of the Bill sets out the objectives in relation to the construction and operation of a tunnel rail link. The second part contains the necessary powers for the construction works to be carried out by the concessionaires, the British Railways Board and Kent County Council. Provisions governing the status, regulation and operation of the system are contained in the third part. It provides for the tunnel system as far as the frontier with France to be incorporated into Britain, for the application of English law to this sector, for the policing of the tunnel system and for co-operation on law enforcement between Britain and France. It empowers the Secretary of State for Transport to give effect in Britain to regulations made by the Intergovernmental Commission and confers on the Commission and the Safety Authority the necessary powers of inspection and supervision. The Bill authorises operation of the tunnel system by the concessionaires, and provides that they shall not be common carriers, and also contains powers covering the termination of construction and operation. The fourth part deals with construction works to the A20 road near Folkestone. Among the miscellaneous provisions contained in the fifth part of the Bill is a clause extending the British Railways Board's powers in relation to services using the tunnel system.

PARLIAMENTARY DEBATE

The Bill was given a second reading in the House of Commons on 5 June by 309 votes to 44, following the defeat of an Opposition amendment (*Hansard*, Vol 98, No 123, cols 1101-94).

Government View

Opening the debate, the Secretary of State for Transport, Mr John Moore, described the process leading to the selection of the successful project, the twin rail tunnel of the Channel Tunnel Group/France Manche (now known jointly as Eurotunnel), which had been announced on 20 January and had been followed by a White Paper on 4 February (see pp 58-63). Subsequently the Channel Fixed Link Treaty[1] had been signed on 12 February and the Channel Fixed Link Concession Agreement[2] had been concluded on 14 March, but neither could take effect until the British and French governments had the necessary powers. The purpose of the Bill was to give the British Government the powers it needed. Once the Bill had been enacted, the Treaty could be ratified and the concession could come into effect.

The Channel Tunnel would provide an opportunity for British industry to grow into 'one of the richest markets in the world'. It had arisen at a time when the foundation for the long-term improvement of the British economy had been laid as a result of major increases in efficiency and productivity following a 'remarkable change in attitudes and a new recognition of what the modern world requires'. As well as the short-term benefits in jobs and wealth arising from the construction work and orders for equipment, there would be substantial long-term benefits. Industry throughout Britain would be able to send its goods to the continent of Europe 'faster, cheaper and more efficiently through the Channel Tunnel'. Passengers would also benefit, with direct passenger train services from London to Paris or Brussels in 3 hours to 3 hours 15 minutes. Coaches, cars and goods vehicles would reach the continent 'at least an hour faster and more reliably than now'. The economic rewards of the project far outweighed the costs.

The Secretary of State then dealt with the effects on the local economy and the local environment. Although there would be a loss in employment connected with cross-Channel ferry services, there would also be opportunities for economic growth in Kent arising from the project. The Government had recognised the need to safeguard the environment by mitigating the adverse effects of the tunnel proposals, and the environmental impact could be contained. He noted the potential environmental gain arising from the transfer of freight from road to rail.

No great development of this kind, Mr Moore said, could take place without affecting individuals and their rights. The Bill was a 'hybrid' Bill – a public Bill containing provisions not only for public law but also of private law directly affecting individuals and local interests – and was 'the appropriate means to proceed when developments of major national importance impinge upon the rights of individuals'. Under this procedure, Select Committees in the House of Commons and the House of Lords would consider the project's effects on the interests of those directly concerned, while Standing Committees of both Houses would consider the legislation as a whole in detail in the usual way. He had no doubt that the Select Committees would 'act effectively to safeguard landowners, environmental interests and local people generally'. However, the Government had made it clear that this had to be complemented by 'extensive local and national consultation with all interested groups'. Ministers and officials had attended numerous meetings with local associations in Kent and national organisations to hear the concerns of local people. The Government had set up a joint consultative committee with local councils and Eurotunnel to consider how the adverse impact of the project could be minimised and its potential benefits maximised. This committee would continue up to and beyond 1993, when the tunnel was due to be opened to traffic.

In concluding his speech, Mr Moore said that the project, by improving the physical connection between Britain and the continent of Europe, would offer 'unprecedented opportunities for business expansion, cultural enrichment and individual travel. It could stimulate a whole new era of endeavour and achievement' for Britain.

Opposition Views

Speaking for the Labour Party, Mr Robert Hughes moved an amendment (which was defeated by 317

[1] *Treaty between [Britain] . . . and the French Republic concerning the construction and operation by private concessionaires of a Channel Fixed Link* . . . Cmnd 9745. HMSO, £2·30. ISBN 0 10 197450 7.

[2] *The Channel Fixed Link – Concession Agreement*. Cmnd 9769. HMSO, £4·90. ISBN 0 10 197690 9.

votes to 146) declining to give a second reading to the Bill on a number of grounds. However, he said that it was not his intention to defeat the Bill, but to persuade the House not to give it a second reading because the Government had not paid sufficient attention to the overall effects of the project. There was a need to diversify the benefits offered by the tunnel, especially from the south-east coast; the weakest part of the Government's policy was that it took no account of regional economic or industrial policy. He was concerned about the share of orders that would be obtained by firms in Britain. In addition, he was not persuaded that the Government had sufficient initiative to equip British Rail to meet the challenge of increasing its freight and passenger traffic. There was concern that the economies of the project would compel the concessionaires to maximise their traffic to such an extent that they would try to create a virtual monopoly by driving competitors out of business through predatory pricing, and he suggested a mechanism to monitor the relation between sea and air traffic and the tunnel.

For the Liberal Party, its transport spokesman, Mr Stephen Ross, spoke in favour of the Bill and said that his colleagues in the Liberal-Social Democratic Alliance would support it. The Channel tunnel project was 'an exciting challenge' and it would give the railway network a significant opportunity to take some of the traffic away from the overcrowded roads. However, care had to be taken to ensure that the views and representations of those adversely affected were fully considered and, wherever possible, adjustments recommended provided that they did not ruin the project.

Government Reply

Replying for the Government, the Minister of State for Transport, Mr David Mitchell, said that he was confident that British industry could compete successfully for the contracts to be offered. He denied that there had been a failure to develop plans for fully equipping British Rail, and said that he had already given approval to all the investment requested by British Rail in connection with the project; there would be 'a full commercial return' and there was no question of government subsidy. There was a need for the project, not only for the jobs to be created, but also because of the much better position it would create for British exporters. Not only would the business community and travellers be able to move more safely, but British goods would be able to enter the export markets in the rest of Europe 'more cheaply, more competitively and more quickly than they have been able to do so far'.

Shorter Notes

BUILDING SOCIETIES: PERSONAL EQUITY PLANS

Under proposed amendments to the Building Societies Bill (see pp 12-14), societies are to be allowed to offer personal equity plans to the public. The personal equity plan scheme was announced in the 1986 Budget (see p 125) with the object of encouraging more people to take a direct stake in British business and industry. To be launched at the beginning of 1987, it will enable adults to invest up to £200 a month in shares and obtain tax relief for reinvested dividends and realised capital gains, subject to a qualifying time period. It is proposed therefore to give building societies the power to undertake investment business (which they are not generally allowed to do under the Bill) for the purpose of providing personal equity plans. The power would only be available to societies with commercial assets of £100 million or more, and the business would have to be conducted by a subsidiary of the society. Societies with assets of less than £100 million would be able to market plans only if acting as agents for investment businesses.

Source: *Hansard,* Vol 100, No 143, written answers, cols 616-17.

FINANCIAL SERVICES BILL

Further amendments to the Financial Services Bill (see pp 51-4) have been announced by the Minister for Corporate and Consumer Affairs at the Department of Trade and Industry, Mr Michael Howard, in parliamentary written answers on 9 June.

One set of amendments is proposed with a view to facilitating the development of effective relationships between the supervisors and auditors of investment businesses. While no general duty is to be placed on auditors to make reports to supervisors (decisions on such reporting being left to individual auditors in the light of guidance provided by professional accounting bodies), an amendment is proposed which would give the Secretary of State for Trade and Industry a reserve power to lay down rules obliging auditors to report, in some circumstances, to the supervisors. These powers would only be invoked if professional guidance was not issued, and would not be transferable to the designated agency, which will be able to exercise many of the Secretary of State's other powers. It is also proposed that auditors will not be liable for loss suffered as a result of such reports (if made in good faith); that supervisors may in certain circumstances disclose information about a business to its auditor; and that supervisors should be able to require a further report to be made by a separate accountant if they are dissatisfied with an initial report (in cases where, as already provided for in the Bill, auditors make reports on accounts submitted to supervisors by investment businesses).

Parallel measures are under consideration for banks (see p 11) and building societies (see p 13).

Further amendments relate to the position of professional bodies (such as legal ones) whose members may engage in investment business incidentally in the pursuit of their profession. Such members will need to obtain a certificate from their professional body authorising them to engage in investment business. Certificates may only be issued by bodies to businesses whose main business is the practice of the relevant profession, and the bodies will be required to have rules limiting the kinds of investment business which may be carried on.

While it is not thought necessary to give the Secretary of State a power to change the rules of professional bodies (a power which will exist in relation to self-regulating bodies falling wholly within the financial services sector), an application to a court for a compliance order may be made (in the same way as for recognised self-regulatory bodies) if a professional body ceases to comply with the requirements for recognition. (These are defined as having rules and procedures for enforcement that provide investors with a level of protection at least as good as that provided by the designated agency – see pp 52-3.)

It is not proposed that professional bodies should be immune from suit for damages in the way that self-regulatory organisations are to be (see p 152).

Source: *Hansard*, Vol 99, No 124, written answers, cols 44-6.

QUEEN ELIZABETH II CONFERENCE CENTRE

The Queen Elizabeth II Conference Centre – a major new centre for use by both government and the private sector – was formally opened by the Queen on 24 June. Situated opposite Westminster Abbey, with ten floors and 30,700 square metres (330,000 square ft) of space, the centre is designed to enable the Government to host major international meetings. It has a 12-language interpretation system and offers a wide range of accommodation and flexibility. Varying numbers of people can be seated in suites of rooms named after famous British figures. Special working areas and briefing rooms are provided for the media, together with extensive telex, facsimile and telephone services, and television and radio studios. Designed by the architects Powell Moya and Partners and built by Bovis Construction as management contractors, the centre was begun in 1982; the estimated cost is £50 million. The Property Services Agency – which will be responsible for running the centre – managed the fitting and furnishing of the interior by British craftsmen and manufacturers. Most of the joinery and furniture is in English ash, and some 200 works by British and Commonwealth artists decorate the centre.

Source: Property Services Agency press notice, 24.6.86.

FAIR TRADING ANNUAL REPORT

The growth of merger activity, changes in financial services and the development of the Government's deregulation and privatisation programmes were the main developments in 1985 affecting the application of competition policy,[1] says the Director General of Fair Trading, Sir Gordon Borrie, in the introduction to his annual report.

'The latter part of the year saw the start of a period of merger activity unprecedented . . . as far as the size of the bids and the way some bids were conducted were concerned.' Calls were heard for some response to this phenomena. But in fact, Sir Gordon says, the flexibility built into the system, under which he advises the Secretary of State for Trade and Industry on whether a deeper investigation of any proposed merger by the Monopolies and Mergers Commission is warranted, was able to cope very well with 'merger mania'. The size of the bids was irrelevant; the question was whether the public interest, and competition, would be adversely affected. However, Sir Gordon agrees that there are grounds for concern about the costs which a business may have to meet in mounting a takeover bid, or in defending itself against one. The demands made on management time and the effect of a takeover threat on a company's strategic planning may also be undesirable effects. He is doubtful, too, of the value of the paid advertising techniques which companies are increasingly employing in takeover battles.

Sir Gordon says that changes in the monitoring of restrictive practices by financial institutions will take place when the Financial Services Bill becomes law (see pp 51-4). The Office of Fair Trading will have the task of examining the rules and practices of the Securities and Investments Board and of recognised self-regulatory organisations to see whether they are likely to restrict competition to any significant extent. The benefits of a more competitive financial system will be given a further impetus by the legislation which has been introduced concerning building societies (see pp 12-14).

On deregulation, he notes that the Transport Act 1985 will in October 1986 repeal the exemption from restrictive trade practices law that is at present enjoyed by the operators of road passenger transport services (see pp 78-80, 1985). In the context of proposed post-privatisation arrangements for the regulation of British Gas and the British Airports Authority, he comments that he foresees a need for rationalisation of the 'proliferation of regulatory bodies and regimes for different sections of the economy'.

The report says that work continued in a number of areas relating to consumer affairs in 1985. Reports were published on the resale of electricity by landlords, household insurance and car services and repairs, and reviews were in hand on the protection of consumer prepayments, mail order protection schemes and consumer guarantees. Consumer complaints reported by local enforcement and advice agencies to the Office of Fair Trading in the year ended 30 September 1985 totalled 652,397, a slight increase on the 1984 figure. A survey of consumer dissatisfaction suggested that the returns from the agencies were a reliable guide to the relative numbers of complaints about different goods and services. The upward trend in the number of applications for consumer credit licences continued in 1985; 18,000 applications were received and 17,550 licences granted. Some 270 notices were served on applicants or licence-holders regarding their fitness to have a licence. The motor trade continued to account for the largest share of adverse decisions.

Details of action on a number of monopoly situations are given in the report, including dental services, certain types of marine radio navigation receivers and the supply of animal waste. An Office of Fair Trading report on competition and retailing was published, which suggested that the Monopolies and Mergers

[1]For further information see COI reference paper *Competition Policy in Britain*, No 252/86.

Commission's finding in 1981, that the effect of discriminatory terms to large retailers had not been harmful to the public interest, still held good. The office considered 192 mergers during the year. This was fewer than in 1984 (259), but the total value of takeover bids was £15,000 million – two and a half times greater. The Secretary of State for Trade and Industry referred six mergers to the Monopolies and Mergers Commission. In 1985, 127 goods agreements were added to the register of restrictive trading agreements, bringing the total of such agreements to 4,342. Service agreements increased by 169 to 1,153.

Plans for continued scrutiny of restrictions in the professions were also announced, relating to advertising and charging restrictions and the kind of organisations through which members of professions offer their services. The Director General also acquired new powers in areas affecting airline competition to enable him to give greater support to the Civil Aviation Authority.

Source: *Annual Report of the Director General of Fair Trading 1985.* HMSO, £7·30. ISBN 0 10 240386 4.

PRODUCT LIABILITY

The Government announced on 1 July its intention to implement the European Community directive on liability for defective products (see pp 277-8, 1985), as soon as parliamentary time permits. The proposed legislation (which will also introduce a general safety duty and other measures of consumer protection) will incorporate a 'development risks defence', but impose no financial limit on a manufacturer's liability for injury caused to people by defective products.

Under present British legislation the immediate supplier – usually the retailer, rather than the manufacturer – is strictly liable, without proof of default, only in relation to injury caused by a defective product to the actual individual purchaser. A victim other than the purchaser can only claim if it is possible to show that someone in the chain of supply has been negligent. The proposed legislation will remedy this situation by introducing a liability for manufacturers or importers without proof of negligence. It will be possible for manufacturers or importers to invoke the 'development risks defence', however, if it can be shown that, at the time the product was produced, the defect could not have been detected by any known test. This defence is available because it is considered that without it the development and marketing of new products and processes in certain high-risk, innovative sectors could be held back in a way that affected the interests both of industry and of consumers.

Primary, unprocessed agricultural produce is to be exempt from the legislation on the grounds that certain hidden defects could be caused by environmental factors beyond the control of producers.

A six-months gap is to be allowed between the enactment of the product liability legislation and its entry into force. The date by which the directive must be implemented is 25 July 1988.

Source: Department of Trade and Industry press notice, 1.7.86.

LEAD IN PETROL

The first unleaded petrol for motor vehicles in Britain went on sale at selected service stations on 24 June. This followed the announcement on 23 June by Mr William Waldegrave, Minister of State for the Environment, of a series of measures to encourage the widespread introduction of unleaded petrol in Britain, in accordance with the 1983 recommendation of the Royal Commission on Environmental Pollution (see pp 170-2 and 340-3, 1983), ahead of the European Community's target date of October 1989. Mr Waldegrave said that the Government was committed to the earliest possible introduction of unleaded petrol and, under the terms of a Community directive adopted in March 1985 following a British initiative in 1983, unleaded petrol should be generally available throughout the Community by 1 October 1989.

The new measures followed the issue by the Department of the Environment of a discussion document in November 1985 and the decision, already announced, in the 1986 Budget (see p 125), to create a tax differential to offset the higher production cost of unleaded petrol; discussions are under way with the oil companies to see how this can best be achieved.

Referring to a draft Community directive on vehicle emissions which sets out the dates from which member states may require new cars to be capable of running on unleaded petrol, Mr Waldegrave said that, as soon as it had been adopted, Britain would implement the earliest dates it contained: 1 October 1988 for all new model cars over 2 litres; 1 October 1989 for all new model cars; and 1 October 1990 for all new registrations, unless major engineering work would be involved. The Government intended that there should be at least a minimal network of petrol stations offering unleaded petrol in 1987, and that the fuel should be widely available by October 1989, preferably with the voluntary co-operation of the industry, although it did not rule out measures to require the provision of unleaded petrol for garages above a particular size. There would be full consultation on a publicity campaign, as unleaded petrol came onto the market, to inform motorists about its availability and suitability for their vehicles. In addition, talks would take place on the most appropriate timing for phasing out two-star leaded petrol.

Source: Department of the Environment press notices, 23.6.86 and 24.6.86.

Education Bill

A Bill designed to raise standards of school education in England and Wales by granting parents a stronger voice in the management of schools and by improving the professional effectiveness of teachers has received its second reading in the House of Commons. Other subjects covered in the Bill include discipline, political indoctrination and sex education in schools. The Government proposes to amend the Bill to provide safeguards for the maintenance of free speech in higher education establishments.

The Bill is based on the White Paper *Better Schools* published in March 1985 (see pp 134-6, 1985) and is intended to give a new impetus to the Government's policies for raising standards achieved by pupils and for the provision of education tailored to the demands of the modern world.

Main Provisions of the Bill

Governing Bodies

The Bill would substantially change the composition of governing bodies and would give them new duties, powers and responsibilities. In order to increase parental representation and to ensure that no single interest predominated, the Bill provides for equal representation for elected parent governors and governors appointed by local education authorities. It would preserve existing rights of representation of the head and other teachers, voluntary foundations and minor authorities, and introduce a new category of co-opted governors, thereby allowing governing bodies to become more broadly based and to reflect the interests of the wider community, particularly industry and commerce. Governing bodies would be responsible for the general conduct of schools, including the oversight of discipline. They would also be involved in the selection and dismissal of teachers and head teachers. There would be an obligation to publish a statement of their policy for the school curriculum taking account of the local education authority's curricular policy and of advice from the head teacher. Governing bodies would be supplied with information about school running costs and provided with powers to spend money allocated by local education authorities for books, equipment and stationery. They would have access to a financial statement and be required to submit an annual report to a parents' meeting. Head teachers would have an enhanced role in the school, determining the curriculum (which would need to be compatible with the curricular policy of the local education authority and the governing body) and having responsibilities for pupil discipline.

Discipline

A quarter of English education authorities operate a policy against the use of corporal punishment in schools, but the Government believes that the question of the retention or abolition of corporal punishment in a particular school should essentially be decided by the governing body, head teacher and parents, bearing in mind the finding of the European Court of Human Rights that the philosophical convictions of parents should be respected.[1] Governing bodies would have the power to exclude pupils which could be overridden by local education authorities; during the passage of the Bill the Government intends to strengthen the position of governing bodies in such cases where there are differences of opinion between them and the local education authorities.

Teacher Appraisal

The Government considers that regular and formal appraisal of the performance of all teachers is essential if local education authorities are to have the information necessary to support and deploy staff to best advantage. Appraisal would also help teachers to realise their full professional potential by offering them more job satisfaction and appropriate in-service training and better planned career development. The Government would like to arrive at a voluntary agreement for a national framework for teacher appraisal, but it reserves the right to take powers to require education authorities to appraise teachers' performance.

In-Service Training

In-service training has an important contribution to make to the career development of teachers, and all teachers need from time to time to make use of such training. The Government feels that resources devoted to in-service training are not always used efficiently and that more systematic planning is required by schools and local education authorities to match training better both to the career needs of teachers and to the curricular needs of schools. Hence, under the Bill, in-service training would be generally financed through a new specific grant.

[1]In 1982 the European Court of Human Rights ruled that the views of parents who wished their children to be exempted from corporal punishment in school amounted to a philosophical conviction that should be respected. A Bill to give parents the right to such exemption was given a second reading in the House of Commons in 1985 (see p 55, 1985) but failed to complete its passage through Parliament.

Political Indoctrination

There is provision in the Bill to protect pupils against political indoctrination. The promotion of partisan political views in the teaching of any subject would be forbidden and where political issues were brought to the attention of pupils a balanced presentation of opposing views would be a requirement.

Sex Education

The Bill contains a clause to ensure that sex education in schools would be administered in a way which would encourage pupils to have regard to moral considerations and the values of family life.

Freedom of Speech in Higher Education

Following a number of incidents at universities and polytechnics when invited speakers have had their meetings disrupted, the Government proposes to move amendments to the Bill during the committee stage to guarantee freedom of speech in institutions of higher education.

Parliamentary Debate

The Bill was given a second reading in the House of Commons on 10 June by 296 votes to 177 (*Hansard*, Vol 99, No 125, cols 182-276).

Government View

Opening the debate, the Secretary of State for Education and Science, Mr Kenneth Baker, said: 'Education has now become more important than at any time in the past. To a large extent, our national future depends on it. The pressure of international competition and the relentless advance of technology make it inevitable that we demand more from our education system.' There were already many points of strength in the system and many schools did admirable work. It was essential that that should become true of all schools. The Bill gave a new vitality and clarity to Britain's decentralised system of school education. It created the conditions that would promote the objective of improved education by strengthening the position of the school, increasing the influence of parents and promoting effective teaching.

The Government, Mr Baker added, was already embarking on three major steps in pursuit of its objectives. It was taking measures to provide all pupils with a curriculum that fully developed their talents and prepared them for responsible citizenship and for finding employment in a competitive technological age. The examination system was being reformed: the General Certificate of Secondary Education (GCSE – see p 280, 1984), to be introduced in the autumn, was designed to make the 16-plus examination better serve the needs of pupils, teachers and employers as well as to improve standards of attainment. The Government was making available £10 million for in-service training for the GCSE and £20 million for books and equipment in 1986-87, and in 1987-88 intended to provide another £10 million for extra books and equipment and at least a further £10 million in the following year. Local education authorities had budgeted to spend some £40 million on books and equipment for the new examination in 1986-87. Lastly, the Government was working to improve teacher quality: the newly-established Council for the Accreditation of Teacher Education was setting in hand a radical reform of initial teacher training.

Opposition Views

Speaking on behalf of the official Opposition, Mr Giles Radice said that the Bill failed to address the problems facing schools; it would not be possible to meet the demand for higher standards without the injection of substantial extra funding for buildings, books and equipment, teacher training and teachers' pay. Unless the Government made sure that the efforts of teachers were properly appreciated and rewarded, the provisions in the Bill designed to improve teacher quality would prove ineffective.

The Labour Party supported the idea of increased parental representation on governing bodies and a voluntary system of teacher appraisal. However, the Bill should be amended to improve the balance and quality of representation on governing bodies and to reduce potential conflicts between local authorities and head teachers. On the question of political indoctrination in schools, Mr Radice said that it would be difficult to define in practice partisan political views. He also believed the proposed measures for sex education and the maintenance of free speech in universities and polytechnics would be impracticable. The Labour Party was in favour of the abolition of corporal punishment in schools.

For the Liberal Party, Mr Clement Freud said that his party proposed to vote for a second reading of the Bill with the intention of improving it in committee. He welcomed the recently announced additional funding for the introduction of the GCSE. He would like to see all school staff, not just academic staff, and pupils over 16 taking part in the governing bodies. Head teachers would be placed in an invidious position between the local education authorities and the governing bodies and an independent appeals tribunal would be required to arbitrate when conflicts arose between the different interests. In addition, the clauses in the Bill dealing with sex education and political bias were unnecessary so long as the provisions for the curriculum were improved.

The Inner Cities

The Government's policies for restoring stability and confidence to the inner cities and for rebuilding a sense of community have been described in a speech by the Home Secretary. The issues touched upon included the various environmental programmes in progress; the greater part that could be played by the voluntary and private sectors; the need for more opportunities for members of the ethnic minorities; and ways of improving relations between the police and the community.

Addressing a Hughenden Foundation seminar on 'Violence in the Cities' in London on 30 June the Home Secretary, Mr Douglas Hurd, said that strengthening the fabric in some of Britain's inner cities was, in his view, the Government's most important domestic task. It was a paradox that despite the much higher rate of crime in the inner cities, it was in these areas that the police often found it most difficult to gain

the confidence of the community. Urban crime and violence were both a symptom and a further cause of the decline of the social cohesion and economic prospects of the inner cities. The police held the front line against crime and disorder. But the police were only one part of the coalition which was needed to build confidence and ease strain. To talk about 'the inner city problem' was simplistic. Each city and community was different. Some of the most blighted neighbourhoods existed close by areas of relative affluence, others were centres of depression in areas long used to decline. Some communities, even in decline, had kept their basic cohesion and stability while others had become fragmented and unstable.

Given this diversity the Government was intent upon a range of new approaches to restore stability and confidence to the inner city communities. Some argued that it was primarily for the state through public expenditure to liberate the inner cities from their plight. Mr Hurd said he was sceptical about such an approach. In many inner city districts the oppressive dominance of the public sector in employment and housing was as much part of the problem as part of the solution. If just spending more public money were the answer then the imposing housing estates built in the 1960s and 1970s would have improved the condition of communities rather than impoverished their spirit. Both central and local government remained crucial, but new partners and fresh ideas were needed. The voluntary sector could help to ensure that the traditional approach to urban policy was adapted to fit more closely the needs and views of local communities. Voluntary effort could seek out the individual and devise an answer to his or her particular needs. The energy and experience of the private sector needed to be mobilised; it was upon a revival of enterprise and employment opportunities in the inner cities that much ultimately rested. The commitment to the problem shown recently by the churches was welcome too, even if the Government might differ on some of their prescriptions (see p 101).

In his view, said Mr Hurd, the heart of the problem was the existence in a number of cities of a hard core of perhaps no more than 200 youths – many of them, but by no means all, black – who had become completely detached from society. They were hostile because every influence in their lives had been discouraging. They turned easily to crime because too many people had filled their minds with an exaggerated despair. Everything possible had to be done to ensure that this pool of discontent was not constantly replenished from below.

Environmental and Employment Programmes

The substantial resources provided by the Urban Programme,[1] the Housing Improvement Programme[2] and the Community Programme[3] (see pp 126 and 390, 1985) helped forward the task of regeneration.

[1]The Urban Programme channels resources to areas of most severe urban deprivation and local authorities are required to work with the private and voluntary sectors and other public agencies to tackle unemployment, dereliction and social stress. Provision for the period 1979-80 to 1986-87 is £2,200 million.

[2]There are continuing programmes for modernising and rehabilitating older properties, including a system of improvement grants to householders.

[3]The Community Programme provides a year's employment for the long-term unemployed on projects of benefit to local communities.

The Inner Cities Initiative (see p 102) marked a change in the emphasis of policy. At present large expenditure programmes often seemed to fail to meet the hopes of the local communities or indeed, on occasions, to be of direct benefit to them. The initiative, however, aimed to improve the targeting of major government programmes in the eight experimental areas which it covered. It was examining how money was spent from the bottom upward, how local people could be more closely involved in the discussion of priorities and how expenditure could be better targeted to helping promising individuals. The initiative aimed to help the community to play a part in solving its problems, rather than imposing 'solutions' from above.

Some people were worried that the encouragement being given to firms who carried out government contracts in these areas to draw more employees from the locality amounted to 'reverse' discrimination. They were wrong. The Race Relations Act made it illegal to discriminate in favour of any group just as it outlawed discrimination against people on the grounds of race. The Government was seeking to ensure that local people of all races were given legitimate access to opportunities which might otherwise pass them by.

The philosophy of the Inner Cities Initiative must be mirrored also in policies for housing and education. The right to buy had given new freedom and responsibility to almost a million families across the country. But the level of sales in many inner city areas remained low. The take-up for buying council flats was still low, and the state of depression of many urban estates did not encourage people to want to put down permanent roots in them. Furthermore, buying their home remained beyond the grasp of many families. Government policies had to cater for their needs as well.

Drawing upon the resources and experience of both private firms and voluntary organisations, estates could be transformed. Tenants were too often ignored and frustrated by unresponsive bureaucracies; repairs took too long and a downward spiral started with vandalism and crime. Residents lost pride, the community retreated and the air of menace increased. The work of the Priority Estates Project,[1] run by the Department of the Environment, showed what more responsive management and greater tenant involvement could achieve in rehabilitating estates and re-creating an environment with a sense of community in which crime and fear of crime could be reduced.

Crime Prevention

Crime prevention contributed to improving the physical and social environment and estates needed to be planned with crime prevention in mind. The Urban Programme and Housing Improvement Programme were both providing resources for physical improvements which could play a part in reducing crime. The Community Programme was furnishing £22 million to provide more than 5,000 places for the long-term unemployed on crime prevention projects. Neighbourhood watch schemes, of which there were now some 14,500 across England and Wales, could help to reduce crime and to bind communities together. It was natural that, although many worked successfully on urban estates, they were more difficult

[1]A scheme to rehabilitate run-down local authority housing estates by promoting local management arrangements and involving tenants in management.

to launch in the run-down areas which stood to benefit from them most.

Education

Disquiet about education was at its most acute in the inner cities. Mr Hurd said he recognised the difficult conditions in which many teachers had to work and the deprived and unstable family backgrounds from which many of their pupils came. Nevertheless, if the decline at the heart of the cities was to be reversed, new direction had to be given to schools in those areas.

Ethnic Minorities

Those who came to Britain from the West Indies and from the South Asian sub-continent settled in large numbers in the inner cities. Housing was cheap and jobs were available. What was not initially clear was that the economic and employment base of these areas was crumbling as manufacturing and service industries moved away from the great cities and conurbations. The black and parts of the Asian communities were therefore disproportionately concentrated in the areas of the greatest deprivation and social stress, often apparently devoid of opportunity. Many young blacks felt let down by the education system and ignored by a society which they saw as weighted against them. It was a condition of harmony in society that racial prejudice should be eradicated and a fair chance given to all. Progress had certainly been made, but it was too slow. Ladders of opportunity had to be there to be climbed by people of ability regardless of race.

The Government was pressing ahead with support for self-help in the black community. Local authorities and private firms and institutions must help to remove barriers to black enterprise. Further black business agencies, in addition to those now set up in Handsworth, Finsbury Park and Deptford (see p 326, 1985), would be established to advise people from the black and Asian communities who were seeking to create new self-employment and business opportunities.

The Government was reforming the criteria for making grants under section 11 of the 1966 Local Government Act designed to deal with the special problems of the ethnic communities. This was an important resource in the Home Secretary's hands, said Mr Hurd, and he intended to make better use of it. In scrutinising future bids he would need to be satisfied that a local authority had consulted with, and taken full account of, the views of those whom a grant was intended to help.

The problem of racial harassment weighed particularly heavily on the Asian community. A racially motivated attack was especially serious because it was, in effect, an attack not only on the victim, but also upon his community. Such violence threatened to create a backlash. Racial attacks should be dealt with sternly and tackling them was one of the Metropolitan Police Commissioner's goals. The Government was urgently studying how the response of the police and other agencies to racial attacks might be further improved.

The Public Order Bill (see p 33) should help in two respects. First, the new offence of disorderly conduct would give the police power to act against loutish behaviour which could distress or alarm vulnerable people. Secondly, the Bill tightened up the law relating to incitement to racial hatred. In future the offence would be committed not just when threatening, abusive or insulting words or behaviour were used, or material was published and distributed, which were *likely* to stir up racial hatred, but also when it was *intended* to so do.

Policing

Turning to the role of the police in keeping order in the inner cities Mr Hurd quoted a former Metropolitan Police Commissioner who said that the most essential weapon in the armoury of the police was not firearms, water cannon or rubber bullets, but the confidence and support of the people on whose behalf they acted. The difficulties of policing were compounded where there was no stability and cohesion. Community policing was not soft policing but intelligent policing. It reflected the tradition that the police were the opposite of an army of occupation which compensated by force for its ignorance. The British police were a disciplined force of citizens in uniform, keeping in touch with the fellow citizens whom they protected.

Since the Scarman Report (on the Brixton disorders – see p 374, 1981) a great deal had been done to improve the way in which the police worked within the community. A new Independent Police Complaints Authority had been established (see p 149, 1985). It had dealt with some 10,000 cases in its first year of operation. The network of police-community consultative groups was nearing completion, providing a forum for a regular, constructive dialogue between the police and the community. Panels of lay visitors had been established in seven London boroughs and by seven provincial forces, and more were in the pipeline. Provision for the recording of police interviews was steadily being implemented. Many forces were making increasingly effective use of their work in schools to build up understanding with young people. In the St Paul's area of Bristol a police officer had been seconded full-time to each of two secondary schools – at one of them the number of references to the police juvenile bureau had been halved. Police training had been improved.

The number of officers from the ethnic minorities was increasing and amounted to almost 800. This was still far too few. Mr Hurd said he was calling a conference this autumn of those responsible for recruitment in each force to discuss how greater impetus could be given to this effort. A number of forces were pursuing campaigns to encourage young Asians and blacks to join. He endorsed their efforts: it was wrong for any section of society to be excluded or to exclude itself from the policing of the community.

The Government was thus working steadily to confront the factors which had brought the inner cities to their present troubled state: dereliction, despair, discrimination, crime and violence, social stress, and polarisation. Progress was frustratingly slow. There was still much inertia and some local bickering. But the Government's policies for housing, education, crime prevention and for building a partnership to overcome the economic decline of the inner cities were directed at creating new opportunities in the cities and rebuilding a sense of community.

[For further information see COI reference papers *Industrial Regeneration in Britain's Cities*, No 263/86 and *Help for the Unemployed in Britain*, No 163/86.]

Broadcasting: the Peacock Report

Radical changes in the structure of broadcasting in Britain are proposed in a report published on 3 July. Its central recommendation is that British broadcasting ought to move towards a sophisticated market system based on freedom of consumer choice with viewers and listeners having the option of purchasing broadcasting services from as many alternative sources of supply as possible. Public finance would, however, continue to be needed for programmes of a public service nature. The report rejects the idea that the British Broadcasting Corporation (BBC) should at present be funded by advertising, concluding that the licence fee ought to remain the principal source of financing for the BBC over the next few years.

The report[1] was prepared by the Committee on Financing the BBC under the chairmanship of Professor Alan Peacock. The Government set up the committee in 1985 (see p 142, 1985) to assess the effects of the introduction of advertising or sponsorship on the BBC's Home Services either as an alternative or as a supplement to the income at present received through the licence fee. The committee was required to examine the consequences of any changes for a wide range of broadcasting and other media. Rapidly changing technology in the form of direct broadcasting by satellite (DBS – see p 103), cable and new charging systems led the committee to interpret its terms of reference widely so as to be able to specify the purposes of broadcasting before devising guidelines for its funding.

Recommendations and Conclusions

The changes suggested in the report are based on the principles of giving the fullest expression to the wishes of viewers and listeners, free speech and freedom for programme creators to offer a complete range of services to the general public. The highly regulated British broadcasting market stands in contrast, the report notes, to that of the printed word, which was freed from pre-publication censorship in 1694. Unlike print publishing, close regulation of broadcasting has been necessary during a period of 'spectrum shortage'. However, developments in cable, DBS and subscription technology should, in time, ease the problem of spectrum shortage and reduce the need for such close regulation apart from the general law of the land to cover such matters as public decency, defamation and blasphemy. Moreover, it will become impossible to regulate broadcasting so tightly in a world of 'television without frontiers'.

The committee looks forward to the creation of a fully developed consumer market in broadcasting based on a system of direct payment by consumers and freedom of entry for programme makers, but, as the technical conditions for such a market will take time to evolve, it recommends that broadcasting be deregulated in three stages. In the first stage, the BBC licence fee would be indexed to inflation and television sets would be adapted for direct consumer subscription, the main way of financing the BBC in the second stage (probably beginning towards the end of the 1990s). Subscription is viewed as a device to permit greater consumer choice and as a step towards 'pay-per-channel' and 'pay-per-view' as well as a means of protecting the BBC from political pressures. In the last stage, in 20 years or so, a fully developed consumer market would exist with multiplicity of choice and the availability of 'pay-per-view' and 'pay-per-channel'.

The report says that the broadcasting market should be supplemented by direct public support for programmes of a demanding kind, or those aimed at minority audiences, which may not be commercially self-supporting. A new broadcasting council should administer public service grants from the second stage of deregulation onwards. Regulation and censorship would be replaced by the application of the general law to broadcasting.

The report lists a total of 18 recommendations for the first of the three stages, implementation of which should start by January 1988.

First Stage of Deregulation

The committee believes that BBC television should not be forced to take advertising as long as the present organisation and regulation last. Since the number of channels is still limited by spectrum shortage and there is as yet no way in which the consumer can pay directly for the programmes of his choice, the introduction of advertising would, the committee argues, reduce the effective range of choice open to viewers and listeners.

Among the report's other recommendations for the first stage are the following:

1 restrictions on 'pay-per-view' and 'pay-per-channel' should be removed forthwith;

2 British Telecom and other telecommunications operators should be allowed to establish a national fibre optic network as common carriers for a full range of services, including delivery of television programmes;

3 in order to encourage diversity and competition the BBC and Independent Television (ITV) ought to have to accept, over a ten-year period, at least 40 per cent of programmes from independent producers;

4 the non-occupied night-time hours of the BBC and ITV television wavelengths should be sold;

5 DBS franchises should be put to competitive tender as, in the opinion of a majority of committee members, ought ITV franchises;

6 commercial radio should be more loosely regulated than at present and, in the view of five out of the seven members of the committee, BBC's Radio 1 and 2 stations should be privatised and financed by advertising;

7 pensioners receiving supplementary benefit ought to be exempted from paying the licence fee;

8 the BBC should become the managing agent, rather than the Post Office, for the licence fee and offer facilities for payments throughout the year; and,

9 there should be a licence fee of not less than £10 for car radios.

[1] *Report of the Committee on Financing the BBC*. Cmnd 9824. HMSO, £10·80. ISBN 0 10 198240 2.

Government Response to the Report

The Home Secretary, Mr Douglas Hurd, said in the House of Commons on the day of its publication (*Hansard*, Vol 100, No 142, cols 1176-8) that he welcomed the committee's report and the many stimulating ideas contained in it, and looked forward to a constructive public debate about the future of broadcasting. All the committee's proposals, which would have profound implications for broadcasting services, and the institutions that provided them, would receive careful study. The Government would reach its final conclusions on the report in the light of both parliamentary and public reaction. Nevertheless, Mr Hurd made a number of initial observations.

First, with regard to the recommendation of four members of the committee that ITV contracts be awarded by competitive tender, the Government was considering with the Independent Broadcasting Authority its plans to arrange new ITV contracts to take effect from the beginning of 1990 for a period of eight years. Secondly, the Government believed that the present regulatory arrangements for broadcasting reflected the view that the peculiarly intrusive nature of broadcasting, in particular television broadcasting, required special regulatory arrangements to ensure that certain standards were met in broadcasting services. Any future regulatory system would, Mr Hurd said, have to be no less effective than that at present in place. Thirdly, a Green Paper examining the existing framework for the provision and regulation of radio broadcasting would be prepared bearing in mind the committee's recommendations for radio services. Fourthly, the Government saw merit in a number of the report's shorter-term proposals designed to pave the way for a free broadcasting market, including the recommendation to increase the proportion of television programmes supplied by independent producers.

DOCUMENTATION

General

Digest of Welsh Historical Statistics, Vols 1 and 2. Contains data for the period 1801-1974 on population, industries, agriculture, transport, housing, local government, education, religious activities, health, social services, crime, electoral data, public utilities, etc. Available from Economic and Statistical Services Division, Welsh Office, Cathays Park, Cardiff CF1 3NQ. £17 (hardback), £10 (paperback).

Northern Ireland Annual Abstract of Statistics. No 3, 1984. Department of Finance and Personnel for Northern Ireland. HMSO, Belfast, £11·50. ISBN 0 337 23429 9.

Government and Administration

The Monarchy in Britain. COI, No 102/86. (Spanish version in preparation.)

Report of the Committee of Inquiry into the Conduct of Local Authority Business. Chairman: Mr David Widdicombe, QC (see p 209). Cmnd 9797. HMSO, £12·50. ISBN 0 10 197970 3.

Research Vol I. *The Political Organisation of Local Authorities.* Cmnd 9798. HMSO, £15. ISBN 0 10 197980 0.

Research Vol II. *The Local Government Councillor.* Cmnd 9799. HMSO, £11·30. ISBN 0 10 197990 8.

Research Vol III. *The Local Government Elector.* Cmnd 9800. HMSO, £12·50. ISBN 0 10 198000 0.

Research Vol IV. *Aspects of Local Democracy.* Cmnd 9801. HMSO, £9·10. ISBN 0 10 198010 8.

Legal Aid: Efficiency Scrutiny. Report of a scrutiny set up in January 1986 and conducted by officials from the Efficiency Unit, the Lord Chancellor's Department and the Treasury, of the operation and administration of the legal aid scheme in England and Wales. It recommends a major restructuring of the system to provide a more efficient and effective service. The Government has welcomed the report as a useful basis for consideration of improvements in the efficiency of the scheme. Available from the Lord Chancellor's Department, Neville House, Page Street, London SW1P 4LS. £5.

Report of Her Majesty's Chief Inspector of Constabulary for the Year 1985. HMSO, £8·50. ISBN 0 10 243786 6.

A Police for the People: Report of the Commissioner of Police of the Metropolis for the Year 1985. Cmnd 9790. HMSO, £11·30. ISBN 0 10 197900 2.

Public Order Review. This report by the Commissioner of the Metropolitan Police on the civil disturbances between 1981 (see pp 241-4 and 373-8, 1981) and 1985 (see pp 325-6) contains an account and assessment of the disturbances, describes some of the work being done with the community to prevent crime and disorder, and sets out the action taken, following the review, to improve the capacity and preparedness of the metropolitan police to tackle disorder if and when it arises. Available from the Reception Officer, Room 1334, Metropolitan Police, New Scotland Yard, London SW1H 0BG. £5.

Personal Violence, by Roy Walmsley (Home Office Research Study No 89). This report summarises existing information about violent crime against individuals (which in 1984 constituted under 5 per cent of all offences recorded by the police) and concentrates particularly on the circumstances of different types of offence and measures to counter, to control and, where possible, to reduce the menace of personal violence. It also gives details of the increasing severity of the sentences given by the courts for this type of offence. HMSO, £5·80. ISBN 0 11 340827 7.

Strip Searching: An inquiry into the strip searching of women remand prisoners at Armagh Prison between 1982 and 1985. National Council for Civil Liberties, £1·95. ISBN 0 946088 20 9. In response to the report, Mr Nicholas Scott, Parliamentary Under-Secretary of State at the Northern Ireland Office, emphasised that the objective of strip searching was wholly a security measure and was an appropriate and justifiable precaution undertaken with due regard to the sensitivity of the prisoner.

External Affairs and Defence

Statement on the Defence Estimates 1986. Second Report from the House of Commons Defence Committee, Session 1985-86. Report, proceedings and minutes of evidence and index. HMSO, £10·80. ISBN 0 10 239986 7.

Britain's Defence Policy: The 1986 White Paper. (Reproduced from *Survey of Current Affairs.*) COI, No 243/86.

Mission to South Africa: the Commonwealth Report. The Findings of the Commonwealth Eminent Persons Group on Southern Africa (see p 215). Published by Penguin Books for the Commonwealth Secretariat. £2·50. ISBN 0 14 052384 7.

Economic and Scientific Affairs

The Government Reply to the Select Committee's Report on Special Employment Measures and the Long-term Unemployed. Third Report from the House of Commons Employment Committee, Session 1985-86. HMSO, £3·10. ISBN 0 10 243586 3.

Urban Programme and the Young Unemployed. HMSO, £9·40. ISBN 0 11 751860 3.

Assessment of the Employment Effects of Economic Development Projects funded under the Urban Programme. HMSO, £7. ISBN 0 11 751859 X.

Working Together – Education and Training (see p 230). Cmnd 9823. HMSO, £3·60. ISBN 0 10 198230 5.

Health and Safety Statistics 1983. Health and Safety Executive. HMSO, £7·50. ISBN 0 11 883863 6.

Software: a vital key to UK competitiveness. Cabinet Office: Advisory Council for Applied Research and Development. Recommends increased application of software and initiatives on in-service training and marketing of British software products, together with co-operation between government departments on public purchasing and research and development planning. HMSO, £6. ISBN 0 11 630829 X.

Annual Report of the Director General of Fair Trading 1985 (see p 237). HMSO, £7·30. ISBN 0 10 240386 4.

Security Interests in Property other than Land. A Department of Trade and Industry consultative document on the law regulating the rights and liabilities of lenders, borrowers and interested third parties in credit transactions on the security of property other than land. Available free from Companies Division, Department of Trade and Industry, 10-18 Victoria Street, London SW1H 0ET.

A Review of Dolphinaria. A report recommending new basic standards to be met within five years in Britain's six dolphinaria. Available from Publications Sales Unit, Department of the Environment, Building 1, Victoria Road, South Ruislip, Middlesex HA4 0NZ. £8·75

Intervention Board for Agricultural Produce. Report for the calendar year 1985. Cmnd 9810. HMSO, £6·40. ISBN 0 10 198100 7.

Animal Health 1985 – Report of the Chief Veterinary Officer. Ministry of Agriculture, Fisheries and Food. HMSO, £8·20. ISBN 0 11 242763 4.

North of Scotland Hydro-Electric Board Report and Accounts 1985-86. Available unpriced from the NSHEB, 16 Rothesay Terrace, Edinburgh EH3 7SE.

Land Use Change in England. Department of the Environment Statistical Bulletin (86)1. A new set of statistics on changes in land use, based on the first full year's data as recorded by the Ordnance Survey as part of its work on map revision. Obtainable from Publications Sales Unit, Department of the Environment, Victoria Road, Ruislip, Middlesex HA4 0NZ. £1.

Digest of Environmental Protection and Water Statistics. No 8, 1985. HMSO, £7·80. ISBN 0 11 751864 6.

Social and Cultural Affairs

Northern Ireland Standing Advisory Committee on Human Rights. Annual Report 1984-85. HMSO, £7·50. ISBN 0 10 239486 5.

Mortality Statistics: Cause. Review of the Registrar General on deaths by cause, sex and age in England and Wales, 1984. Series DH2 no 11. HMSO, £8·60. ISBN 0 11 691159 X.

Action on Teacher Supply in Mathematics, Physics and Technology. A consultative document outlining measures being taken or considered to improve the supply of teachers in these subjects, in which there have been long-standing shortages. Available unpriced from Department of Education and Science, Elizabeth House, York Road, London SE1 7PH.

Girls and Physics. Reflections on Assessment of Performance Unit Findings. Examines and suggests reasons for the large discrepancy in the numbers of boys and girls studying physics. Available unpriced from APU, Department of Education and Science, Elizabeth House, York Road, London SE1 7PH. ISBN 0 85522 152 6.

Misuse of Hard Drugs: Response by the Secretary of State for the Home Department to the First Report from the Home Affairs Committee 1985-86. Second Special Report from the Home Affairs Committee, Session 1985-86. In response to a recommendation by the Committee the Government made an amendment to the Drug Trafficking Offences Bill (see p 69) to give statutory protection to financial institutions, accountants and others who volunteer suspicions that a client's account appears to be connected with drug trafficking. HMSO, £1·40. ISBN 0 10 242686 4.

Commission for Racial Equality Annual Report 1985. While calling for a concerted effort by the Government and others to reduce the levels of discrimination, the report acknowledges that many leading companies and trade unions, an increasing number of local authorities and many voluntary bodies and individuals are making efforts to promote equality of opportunity. Available from Commission for Racial Equality, Elliot House, 10-12 Allington Street, London SW1E 5EH. £1. ISBN 0 907920 72 1.

Evaluation of Environmental Projects Funded under the Urban Programme. HMSO, £7. ISBN 0 11 751861 1.

Our Heritage: the Conservation Work of the Property Services Agency. Describes the work of the PSA in restoring and conserving the Government's estate of historic buildings for modern-day use. Available free from PSA Library, Room C110, Whitgift Centre, Wellesley Road, Croydon, Surrey CR9 3LY.

Fire Safety and Safety at Sports Venues. A consultative document published by the Home Office and the

Scottish Home and Health Department which contains proposals on the action to be taken to implement the recommendations on crowd safety controls contained in the final report of the Popplewell inquiry (see p 75) and modified proposals following a recent review (see p 281, 1985) to amend the Fire Precautions Act 1971. A final period of consultation will now take place with a view to early legislation. Available from the Home Office Fire and Emergency Planning Department, Room 916, 50 Queen Anne's Gate, London SW1H 9AT. ISBN 0 86252 239 0.

Report of the Committee on Financing the BBC. Chairman: Professor Alan Peacock, DSC, FBA (see p 243). Cmnd 9824. HMSO, £10·80. ISBN 0 10 198240 2.

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